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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your shares in COSCO SHIPPING Energy Transportation Co., Ltd.*, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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COSCO SHIPPING ENERGY TRANSPORTATION CO., LTD.* **中遠海運能源運輸股份有限公司**

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1138)

- (1) PROPOSED ISSUANCE OF A SHARES TO SPECIFIC TARGET SUBSCRIBERS UNDER THE SPECIFIC MANDATE;**
- (2) CONNECTED TRANSACTION – PROPOSED COSCO SHIPPING SUBSCRIPTION;**
- (3) DISCLOSEABLE AND CONNECTED TRANSACTIONS – CONSTRUCTION OF SIX OIL TANKERS;**
- (4) NOTICE OF EXTRAORDINARY GENERAL MEETING; AND**
- (5) NOTICE OF H SHARES CLASS MEETING**

Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders



Capitalized terms used in this cover page have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 7 to 41 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 42 to 43 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 44 to 73 of this circular.

A notice convening the EGM to be held on Friday, 11 April 2025 at 10:00 a.m. at 3rd Floor, Ocean Hotel, No. 1171 Dongdaming Road, Hongkou District, Shanghai, the People's Republic of China is set out on pages EGM-1 to EGM-8 of this circular. A notice convening the H Shares Class Meeting to be held at 10:00 a.m. (in the order of the EGM, A Shares Class Meeting and H Shares Class Meeting) on Friday, 11 April 2025 at 3rd Floor, Ocean Hotel, No. 1171 Dongdaming Road, Hongkou District, Shanghai, the People's Republic of China is set out on pages HCM-1 to HCM-7 of this circular.

The respective proxy forms for use at the EGM and the H Shares Class Meeting were enclosed hereto. For the notice of the A Shares Class Meeting, please refer to the notice separately published by the Company on 25 March 2025. Whether or not you are able to attend the above meetings, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event by not less than 24 hours before the time appointed for the holding of such meetings or any adjournment thereof (i) in case of H Shareholders, to the Hong Kong branch share registrar of the Company, Hong Kong Registrars Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, (ii) in case of A Shareholders, to the Office of the Board of Directors of the Company at 7th Floor, 670 Dongdaming Road, Hongkou District, Shanghai, the People's Republic of China. Completion and return of the form of proxy will not preclude you from attending and voting in person at the above meetings or at any adjournment thereof should you so wish.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“A Share(s)”	the domestic share(s) in the ordinary share capital of the Company with a par value of RMB1.00 each, which are listed on the Shanghai Stock Exchange (Stock Code: 600026)
“A Shareholder(s)”	holder(s) of the A Share(s)
“A Shares Class Meeting”	the class meeting of the A Shareholders to be convened at 10:00 a.m. or immediately following conclusion of the EGM on Friday, 11 April 2025 to consider and, if thought fit, approve, among other things, (i) the Proposed Issuance of A Shares to Specific Target Subscribers; and (ii) the Proposed COSCO SHIPPING Subscription
“Announcements”	collectively, (i) the announcement of the Company dated 24 January 2025 in relation to the Proposed Issuance of A Shares to Specific Target Subscribers and the Proposed COSCO SHIPPING Subscription; and (ii) the announcement of the Company dated 14 February 2025 in relation to the Shipbuilding Contracts and the transactions contemplated thereunder
“Articles of Association”	the articles of association of the Company
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“China Shipping”	China Shipping Group Company Limited* (中國海運集團有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of COSCO SHIPPING and a controlling shareholder of the Company
“Clarksons”	Clarkson Research Services Limited, a research arm of Clarkson PLC which is a leading provider of shipping services headquartered in London
“Class Meetings”	collectively, the A Shares Class Meeting and the H Shares Class Meeting

DEFINITIONS

“Company”	COSCO SHIPPING Energy Transportation Co., Ltd.* (中遠海運能源運輸股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1138) and the A Shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600026)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“consideration”	the tanker price of each tanker, and for the purpose of this circular only, includes tax
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“COSCO SHIPPING”	China COSCO SHIPPING Corporation Limited* (中國遠洋海運集團有限公司), a PRC state-owned enterprise and an indirect controlling shareholder of the Company
“COSCO SHIPPING Energy Transportation (Hainan)”	COSCO SHIPPING Energy Transportation (Hainan) Co., Ltd.* (海南中遠海運能源運輸股份有限公司), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“COSCO SHIPPING Heavy Industry”	COSCO SHIPPING Heavy Industry Co., Ltd.* (中遠海運重工有限公司), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING
“COSCO SHIPPING Heavy Industry (Dalian)”	COSCO SHIPPING Heavy Industry (Dalian) Co., Ltd.* (大連中遠海運重工有限公司), a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING
“COSCO SHIPPING Heavy Industry (Yangzhou)”	COSCO SHIPPING Heavy Industry (Yangzhou) Co., Ltd.* (揚州中遠海運重工有限公司), a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING
“COSCO SHIPPING Subscription Agreement”	the subscription agreement dated 24 January 2025 entered into between COSCO SHIPPING and the Company, pursuant to which COSCO SHIPPING has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, 50% of the total number of A Shares to be issued under the Proposed Issuance of A Shares to Specific Target Subscribers

DEFINITIONS

“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“CSRC Measures”	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) and supporting guidelines issued by the CSRC, as amended, supplemented or otherwise modified from time to time
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held on Friday, 11 April 2025 at 10:00 a.m. at 3rd Floor, Ocean Hotel, No. 1171 Dongdaming Road, Hongkou District, Shanghai, the People’s Republic of China to consider and if thought fit, approve, among other things, (i) the Proposed Issuance of A Shares to Specific Target Subscribers; (ii) the Proposed COSCO SHIPPING Subscription; and (iii) the Shipbuilding Contracts and the transactions contemplated thereunder
“ESG”	Environmental, Social and Governance
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign shares in the ordinary share capital of the Company with a par value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1138)
“H Shareholder(s)”	holder(s) of the H Share(s)
“H Shares Class Meeting”	the class meeting of the H Shareholders to be convened at 10:00 a.m. or immediately following conclusion of the EGM and the A Shares Class Meeting on Friday, 11 April 2025 to consider and, if thought fit, approve, among other things, (i) the Proposed Issuance of A Shares to Specific Target Subscribers; and (ii) the Proposed COSCO SHIPPING Subscription
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, namely Mr. Victor HUANG, Mr. LI Runsheng, Mr. ZHAO Jinsong and Mr. WANG Zuwen, which has been formed to advise the Independent Shareholders on (i) the Proposed COSCO SHIPPING Subscription and (ii) the Shipbuilding Contracts and the transactions contemplated thereunder in accordance with the Listing Rules
“Independent Financial Adviser”	Goldlink Capital (Corporate Finance) Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed as the independent financial adviser to make the relevant recommendation to the Independent Board Committee and the Independent Shareholders on (i) the Proposed COSCO SHIPPING Subscription and (ii) the Shipbuilding Contracts and the transactions contemplated thereunder in accordance with the Listing Rules
“Independent Shareholder(s)”	the Shareholders other than COSCO SHIPPING and its associates
“independent third party(ies)”	individual(s) or company(ies) and their respective beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Issue Date”	the date of the registration of the shares to be issued under the Proposed Issuance of A Shares to Specific Target Subscribers to the stock accounts in securities registration and settlement institutions of the target subscribers
“Latest Practicable Date”	19 March 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“LNG”	Liquified Natural Gas
“LR2”	Long Range 2
“MR”	Medium Range
“OPEC”	Organization of the Petroleum Exporting Countries

DEFINITIONS

“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC” or “China”	the People’s Republic of China, and for the purpose of this circular only, means the PRC (Mainland)
“Proposed COSCO SHIPPING Subscription”	the subscription of A Shares by COSCO SHIPPING pursuant to the COSCO SHIPPING Subscription Agreement
“Proposed Issuance of A Shares to Specific Target Subscribers” or “Issuance”	the proposed issuance of not more than 1,431,232,918 A Shares (inclusive) by the Company to not more than 35 specific target subscribers (inclusive), including COSCO SHIPPING
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended, supplemented, or otherwise modified from time to time)
“Shanghai Listing Rules”	the Rules Governing the Listing of Stocks in Shanghai Stock Exchange
“Shanghai Stock Exchange”	the Shanghai Stock Exchange
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholders’ Meetings”	collectively, the EGM and the Class Meetings
“Shipbuilding Contracts”	Shipbuilding Contracts for Aframax Crude Oil Tankers, Shipbuilding Contracts for LR2 Crude Oil/Product Oil Tankers and Shipbuilding Contracts for Panamax Crude Oil/Product Oil Tankers
“Shipbuilding Contracts for Aframax Crude Oil Tankers”	two shipbuilding contracts each dated 14 February 2025 entered into between COSCO SHIPPING Energy Transportation (Hainan) and COSCO SHIPPING Heavy Industry (Yangzhou) for the construction of two Aframax Methanol Dual Fuel crude oil tankers with a deadweight of 114,200 DWT each
“Shipbuilding Contracts for LR2 Crude Oil/Product Oil Tankers”	two shipbuilding contracts each dated 14 February 2025 entered into between COSCO SHIPPING Energy Transportation (Hainan) and COSCO SHIPPING Heavy Industry (Yangzhou) for the construction of two LR2 Methanol Dual Fuel crude oil/product oil tankers with a deadweight of 109,900 DWT each

DEFINITIONS

“Shipbuilding Contracts for Panamax Crude Oil/Product Oil Tankers”	two shipbuilding contracts each dated 14 February 2025 entered into between the Company and COSCO SHIPPING Heavy Industry (Dalian) for the construction of two Panamax crude oil/product oil tankers with a deadweight of 74,000 DWT each
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board in relation to the Proposed Issuance of A Shares to Specific Target Subscribers
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	supervisor(s) of the Company
“Target Shipyards”	collectively, COSCO SHIPPING Heavy Industry (Dalian) and COSCO SHIPPING Heavy Industry (Yangzhou)
“trading day”	a day on which the Shanghai Stock Exchange is open for dealing or trading in securities
“VLCC”	Very Large Crude Carrier(s)
“%”	per cent

* *For identification purposes only*



COSCO SHIPPING ENERGY TRANSPORTATION CO., LTD.*
中遠海運能源運輸股份有限公司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1138)

Executive Directors:

Ren Yongqiang (Chairman)
Zhu Maijin (President)

Non-executive Directors:

Wang Shuqing
Wang Wei
Wang Songwen

Independent non-executive Directors:

Victor Huang
Li Runsheng
Zhao Jinsong
Wang Zuwen

Registered Office:

Room A-1015
No.188 Ye Sheng Road
China (Shanghai) Pilot Free Trade Zone
Lingang Special Area
PRC

Principal place of business in the PRC:

7th Floor, 670 Dongdaming Road
Hongkou District, Shanghai, PRC

Principal place of business in Hong Kong:

Rooms 3601-3602
36/F West Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

25 March 2025

To the Shareholders

Dear Sir/Madam,

- (1) PROPOSED ISSUANCE OF A SHARES TO SPECIFIC TARGET
SUBSCRIBERS UNDER THE SPECIFIC MANDATE;
(2) CONNECTED TRANSACTION –
PROPOSED COSCO SHIPPING SUBSCRIPTION;
(3) DISCLOSEABLE AND CONNECTED TRANSACTIONS –
CONSTRUCTION OF SIX OIL TANKERS;
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING; AND
(5) NOTICE OF H SHARES CLASS MEETING**

I. INTRODUCTION

Reference is made to the Announcements of the Company dated 24 January 2025 and 14 February 2025 in relation to, among other things, (i) the Proposed Issuance of A Shares to Specific Target Subscribers; (ii) the Proposed COSCO SHIPPING Subscription; and (iii) the Shipbuilding Contracts and the transactions contemplated thereunder.

* For identification purposes only

LETTER FROM THE BOARD

On 24 January 2025, the Board has approved the Proposed Issuance of A Shares to Specific Target Subscribers, pursuant to which the Company will issue a maximum of 1,431,232,918 (inclusive) A Shares (subject to adjustment) to not more than 35 (inclusive of 35) specific target subscribers, including COSCO SHIPPING, with a purpose of raising gross proceeds of not more than RMB8,000,000,000 (inclusive). The aforesaid number of A Shares is the maximum number of A Shares which the Company is permitted to issue by law, and represents 30% of the total share capital of the Company prior to the Issuance and as at the Latest Practicable Date. Given that the issue price for the Issuance shall be determined on the first day of the issuance period through bidding, and must not be lower than the Base Issue Price, it is expected that the actual size of the Issuance will considerably smaller than the above maximum number of A Shares to be issued.

As part of the Proposed Issuance of A Shares to Specific Target Subscribers, on 24 January 2025, the Company and COSCO SHIPPING entered into the COSCO SHIPPING Subscription Agreement, pursuant to which COSCO SHIPPING has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue 50% of the total number of A Shares to be issued under the Proposed Issuance of A Shares to Specific Target Subscribers.

On 14 February 2025, the Group entered into the Shipbuilding Contracts with COSCO SHIPPING Heavy Industry (Dalian) and COSCO SHIPPING Heavy Industry (Yangzhou) for the construction of six oil tankers at an aggregate consideration of RMB3,392 million.

The EGM will be convened by the Company for the relevant Shareholders to consider and approve (i) the Proposed Issuance of A Shares to Specific Target Subscribers; (ii) the Proposed COSCO SHIPPING Subscription; and (iii) the Shipbuilding Contracts and the transactions contemplated thereunder. The H Shares Class Meeting will be convened by the Company for the relevant Shareholders to consider and approve (i) the Proposed Issuance of A Shares to Specific Target Subscribers; and (ii) the Proposed COSCO SHIPPING Subscription.

The purpose of this circular is to provide you with further information on (i) the Proposed Issuance of A Shares to Specific Target Subscribers; (ii) the Proposed COSCO SHIPPING Subscription; and (iii) the Shipbuilding Contracts and the transactions contemplated thereunder so that you may make an informed decision on voting in respect of the relevant resolutions at the EGM and/or the H Shares Class Meeting.

II. THE PROPOSED ISSUANCE OF A SHARES TO SPECIFIC TARGET SUBSCRIBERS UNDER THE SPECIFIC MANDATE

In accordance with the relevant provisions of the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Administrative Measures for Securities Offering and Registration of Listed Companies (《上市公司證券發行註冊管理辦法》) and other applicable laws, regulations and normative documents, after careful due diligence and verification of the factual circumstances of the Group and related matters, the Board believes that all eligibility requirements for the Proposed Issuance of A Shares to Specific Target Subscribers have been met.

The details of the Proposed Issuance of A Shares to Specific Target Subscribers are set out below:

(1) Class and par value of the Shares to be issued

A Shares with a par value of RMB1.00 each. The new A Shares to be issued under the Issuance will rank *pari passu* in all respects with the existing A Shares.

LETTER FROM THE BOARD

(2) Method and time of issuance

The Proposed Issuance of A Shares to Specific Target Subscribers will be made in the form of issuing to specific target subscribers, and the Company will issue the A Shares as and when appropriate within the stipulated validity period after being reviewed and approved by the Shanghai Stock Exchange and obtaining the approval of the CSRC for the registration. Should there be any new requirements under PRC laws and regulations in this regard, the Company will make adjustments in accordance with the new requirements.

The Proposed Issuance of A Shares to Specific Target Subscribers is conditional upon the fulfillment of all of the following conditions:

- (1) the matters relating to the Proposed Issuance of A Shares to Specific Target Subscribers having been approved by the Board and the Shareholders' Meetings;
- (2) the matters relating to the Proposed Issuance of A Shares to Specific Target Subscribers having been approved by the state-owned assets supervision and administration authority or its authorized regulatory units; and
- (3) the matters relating to the Proposed Issuance of A Shares to Specific Target Subscribers having been reviewed and approved by the Shanghai Stock Exchange and approved by the CSRC for registration.

As at the Latest Practicable Date, all the above conditions have been satisfied save and except for (i) the obtaining of relevant Shareholders' approval at the Shareholders' Meetings under condition precedent (1), and (ii) condition precedent (3). None of the above conditions is waivable.

(3) Target subscriber and method of subscription

The issuance of Shares to specific target subscribers will be issued to not more than 35 (inclusive of 35) specific investors, including COSCO SHIPPING, an indirect controlling Shareholder of the Company. COSCO SHIPPING has undertaken to subscribe for 50% of the number of A Shares to be issued under the Issuance. Apart from COSCO SHIPPING, other target subscribers may include securities investment fund management companies, securities companies, trust companies, finance companies, insurance institutional investors, qualified foreign institutional investors which satisfy the requirements prescribed by the CSRC, and other legal persons, natural persons or other lawful investment organisations which meet the requirements set out in the relevant laws and regulations. Among them, securities investment fund management companies, securities companies, qualified foreign institutional investors, and RMB qualified foreign institutional investors that subscribe through more than two products under their management will be considered as one target subscriber; in case of trust investment companies as target subscribers, they can only subscribe with their own funds.

The specific target subscribers will be determined by the Board within the scope of authorisation granted by the Shareholders' Meetings together with the sponsor (lead underwriter) (*Note 1*) in accordance with the provisions of the relevant laws, administrative regulations, departmental rules or regulatory documents and based on the quotations for subscription submitted by the target subscribers after obtaining registration and approval documents for the application for issuance of Shares to specific target subscribers from the CSRC.

LETTER FROM THE BOARD

As at the Latest Practicable Date, save for the COSCO SHIPPING Subscription Agreement, the Company has not entered into any agreement with any potential subscriber in relation to the Issuance. The specific target subscribers (other than COSCO SHIPPING) and their respective ultimate beneficial owner(s) are expected to be third parties independent of the Company and its connected persons, and none of such other specific target subscribers are expected to become a substantial shareholder of the Company after completion of the subscription under the Issuance. In the event that any specific target subscriber (other than COSCO SHIPPING) is a connected person of the Company, the Company will take all reasonable measures to comply with the relevant requirements under Chapter 14A of the Listing Rules.

All the target subscribers will subscribe for the Shares to be issued under the Issuance in cash. If the regulatory authorities have other provisions on the qualifications of the shareholders of the target subscribers and corresponding review procedures, such provisions shall prevail.

Note 1: As at the Latest Practicable Date, the Company has not appointed any sponsor or underwriter. The Company will appoint a sponsor (lead underwriter) and enter into a sponsor agreement on normal commercial terms as and when appropriate.

(4) Pricing benchmark date, issue price and pricing principle

The price for the Proposed Issuance of A Shares to Specific Target Subscribers shall be determined through bidding, and the pricing benchmark date shall be the first day of the issuance period. The issue price shall be not lower than 80% of the average price at which the A Shares were traded for the 20 trading days prior to the pricing benchmark date (excluding the pricing benchmark date) and the Company's audited net assets per Share attributable to the ordinary shareholders of the listed company as at the end of the most recent period prior to the Issuance, whichever is higher (the "**Base Issue Price**").

In the event that the Company carries out ex-dividend and ex-right activities that lead to adjustment of share price, such as distribution of dividend, bonus share issue, allotment of shares, conversion of capital reserve into share capital and others, during the 20 trading days prior to the pricing benchmark date, the trading prices of the trading days prior to such price adjustment shall be calculated according to the prices as adjusted by the relevant ex-dividend and ex-right activities.

For illustration purpose only, (i) as at the Latest Practicable Date, the closing price per A Share as quoted on the Shanghai Stock Exchange is RMB11.39; (ii) as at 24 January 2025 (being the date of the relevant Announcement), the closing price per A Share as quoted on the Shanghai Stock Exchange is RMB12.70; and (iii) as disclosed in the 2023 annual report published by the Company on 24 April 2024, the audited net assets per Share attributable to the ordinary shareholders of the listed company as at 31 December 2023 was RMB7.21 per Share.

In the event that the Company carries out ex-dividend and ex-right activities during the period from the most recent audited balance sheet date to the Issue Date prior to the Issuance, the net assets per Share shall be adjusted accordingly.

As disclosed in the 2023 annual report of the Company, as at the Latest Practicable Date, the audited net assets value per Share attributable to the ordinary shareholders of the parent company as at the end of the most recent period was RMB7.21 per Share. The Company distributed dividend of RMB0.35 per Share for 2023 and RMB0.22 for the first six months of 2024. Accordingly, the adjusted net asset value is RMB6.64 per Share. The above information is stated for reference and illustrative purposes only, without taking into account the expected net profit attributable to Shareholders of the Company for the year ended 31 December 2024 of approximately RMB3.96 billion (representing RMB0.83 per Share), which was disclosed in the announcement of the Company dated 9 January 2025.

LETTER FROM THE BOARD

On the basis of the aforementioned Base Issue Price, the final issue price of the Proposed Issuance of A Shares to Specific Target Subscribers will be determined by the Board through negotiation with the sponsor (lead underwriter) pursuant to the authorisation granted by the Shareholders' Meetings based on the results of the bidding in accordance with the relevant provisions of the Measures for the Administration of Registration of Securities Issuance by Listed Companies (《上市公司證券發行註冊管理辦法》) and other relevant provisions after the Issuance has been approved by the Shanghai Stock Exchange and has obtained the approval of registration by the CSRC.

During the period from the pricing benchmark date to the Issue Date, in the event of ex-dividend and ex-right activities such as distribution of dividend, bonus share issue, conversion of capital reserve into share capital and others, the issue price for the Issuance shall be adjusted accordingly, and the adjustment formulas shall be as follows:

In the event of distribution of cash dividends: $P_1 = P_0 - D$;

In the event of bonus issues or capitalisation issues: $P_1 = P_0 / (1 + n)$;

In the event that the above two items occurring simultaneously: $P_1 = (P_0 - D) / (1 + n)$.

Where: P_1 denotes the issue price after adjustment; P_0 denotes the issue price before adjustment; n denotes the rate of bonus issues or capitalisation issues; D denotes the cash dividend per Share.

COSCO SHIPPING will not participate in the bidding process for the price determination for the Issuance, but undertakes to accept the bidding result of other target subscribers and to subscribe for the A Shares under the Issuance at the same price as other target subscribers. If the issue price for the Issuance cannot be determined through bidding, COSCO SHIPPING will not participate in the subscription under the Issuance.

(5) Number of Shares to be issued

As at the Latest Practicable Date, the total number of issued Shares of the Company is 4,770,776,395 Shares, which comprises 3,474,776,395 A Shares and 1,296,000,000 H Shares. The number of A Shares to be issued to the specific target subscribers under the Issuance shall be not more than 30% of the total share capital of the Company prior to the Issuance, i.e. not more than 1,431,232,918 Shares (inclusive), and is subject to the number of shares ultimately approved for registration by the CSRC. The number of new A Shares to be issued shall be calculated by dividing the final total proceeds from the Issuance (not more than RMB8,000,000,000) by the A Share issue price and rounded down to the nearest integer. COSCO SHIPPING has undertaken to subscribe for 50% of the number of A Shares to be issued under the Issuance.

Without considering the impact of the issue price which can only be determined on the first day of the issuance period, the theoretical percentage of the maximum number of A Shares permitted to be issued by law under the Proposed Issuance of A Shares to Specific Target Subscribers to the total number of A Shares and the total number of Shares as at the Latest Practicable Date are 41.19% and 30.00%, respectively. Nevertheless, given that the issue price shall not be lower than the Base Issue Price (which shall be the higher of (i) 80% of the average price at which the A Shares were traded for the 20 trading days prior to the pricing benchmark date (excluding the pricing benchmark date) or (ii) the Company's audited net assets per Share attributable to the ordinary shareholders of the Company as at the end of the most recent period prior to the Issuance), the actual percentage of the A shares to be issued to the total number of A shares and to the total number of Shares will be considerably lower than the above theoretical percentages. For further details, please refer to the shareholding structure of the Company set forth in pages 18 to 21 of this Letter from the Board. Upon completion of the Issuance, the Company will publish a further announcement regarding, amongst others, the final Issuance size and the issue price to keep the Shareholders and potential investors of the Company informed, as and when appropriate.

LETTER FROM THE BOARD

Theoretical Dilution Effect of the Issuance

For illustrative purposes only, on the basis that the Issuance is priced at RMB7.21 (being the audited net assets per Share attributable to the ordinary shareholders of the Company as at 31 December 2023, as disclosed in the 2023 annual report published by the Company on 24 April 2024) and the number of A Shares to be issued is set at 1,109,570,040 A Shares, such issue price shall represent a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 6.91%, which is represented by the theoretical diluted price of approximately RMB10.5930 per Share to the benchmarked price of approximately RMB11.3798 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the date of the COSCO SHIPPING Subscription Agreement of RMB12.70 per A Share and HK\$7.31 per H Share and the average of the closing prices of the Shares as quoted on the Shanghai Stock Exchange and the Hong Kong Stock Exchange for the five (5) previous consecutive trading days prior to the date of the COSCO SHIPPING Subscription Agreement of RMB13.05 per A Share and HK\$7.50 per H Share). Whereas, on the basis that the Issuance is priced at 20% discount to the closing price of the A Shares as quoted on the Shanghai Stock Exchange for the twenty (20) consecutive trading days prior to the Latest Practicable Date and the number of A Shares to be issued is set at 880,088,008 A Shares, such issue price shall represent a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 3.13%, which is represented by the theoretical diluted price of approximately RMB11.0232 per Share to the same benchmarked price of approximately RMB11.3798 per Share.

In the event that the Company carries out bonus share issue, conversion of capital reserve into share capital, issuance of new shares or placement of shares, share incentive, shares repurchase and cancellation and other events or any other activities leading to changes in its total share capital prior to the Issuance during the period from the approval date of its board resolutions in relation to the Issuance up to the Issue Date, the maximum number of A Shares to be issued under the Issuance shall be adjusted accordingly.

Within the above scope, the Board will determine the final issue amount through negotiation with the sponsor (lead underwriter) in accordance with the authorisation granted by the Shareholders' Meetings and the relevant provisions including the Measures for the Administration of Registration of Securities Issuance by Listed Companies (《上市公司證券發行註冊管理辦法》), changes in regulatory policies or the requirements of the registration documents for issuance as well as the actual subscription situation.

(6) Lock-up Period

The A Shares under the Issuance subscribed by COSCO SHIPPING shall not be transferred within 18 months from the completion of the Issuance; and the A Shares under the Issuance subscribed by other target subscribers shall not be transferred within 6 months from the completion of the Issuance. If the relevant securities regulatory authorities adjust their regulatory opinions or requirements regarding the lock-up period, the aforementioned lock-up periods will be adjusted accordingly in line with the policies of the securities regulatory authorities.

The Shares derived from bonus share issue and conversion of capital reserve into share capital of the Company during the lock-up period shall also comply with the above lock-up arrangement.

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The reduction of A Shares to be obtained through the Issuance after the lock-up period by the target subscribers of the Issuance is also subject to the prevailing laws, regulations, normative documents, relevant rules of the Shanghai Stock Exchange and the Articles of Association.

(7) The amount and use of proceeds

The total proceeds raised from the Proposed Issuance of A Shares to Specific Target Subscribers shall be no more than RMB8 billion (inclusive) and will be used for the following purposes after deducting the cost of issuance:

No.	Project name	Total amount of investment (Note 2) (RMB0,000)	The amount of proceeds to be used in the project (RMB0,000)
1	Investment in the construction of 6 VLCCs (Note 3)	574,800.00	459,840.00
2	Investment in the construction of 2 LNG carriers (Note 4)	343,341.86	274,673.49
3	Investment in the construction of 3 Aframax crude carriers (Note 5)	173,700.00	65,486.51
Total		1,091,841.86	800,000.00

Note 2: Total amount of investment herein refers to the contracted vessel price.

Note 3: For further details on the construction of the 6 VLCCs, please refer to the announcement of the Company dated 22 November 2024, pursuant to which, a wholly-owned subsidiary of the Group has entered into shipbuilding contracts with China Shipbuilding Trading Co., Ltd.* (中國船舶工業貿易有限公司) and Dalian Shipbuilding Industry Group Co., Ltd.* (大連船舶重工集團有限公司), the respective ultimate beneficial owner(s) of which are third parties independent of the Company and its connected persons to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry. As at the Latest Practicable Date, the expected delivery timeline for the 6 VLCCs is between the third quarter of 2027 and the fourth quarter of 2028.

Note 4: For further details on the construction of the 2 LNG carriers, please refer to the announcement of the Company dated 13 September 2024, pursuant to which, a wholly-owned subsidiary of the Group has entered into shipbuilding contracts with the same counterparties under the shipbuilding contracts dated 22 November 2024. As at the Latest Practicable Date, the expected delivery timeline for the 2 LNG carriers is in the second half of 2027. The vessel price for "Investment in the construction of 2 LNG carriers" amounted to USD477,600,000 (approximately RMB3,433,418,640). The exchange rate at which USD amounts are converted into RMB amounts is based on the median price of the exchange rate of USD against RMB announced by the People's Bank of China on 17 January 2025: USD1 = RMB7.1889, same as below.

Note 5: For further details on the construction of the 3 Aframax crude carriers, please refer to the announcements of the Company dated 29 December 2023 and 26 February 2024, and the circular of the Company dated 2 February 2024, pursuant to which, a wholly-owned subsidiary of the Group has entered into shipbuilding contracts with COSCO SHIPPING Heavy Industry (Yangzhou) in respect of three Aframax crude carriers. The Company's extraordinary general meeting held on 26 February 2024 has considered and approved the construction of the 3 Aframax crude carriers which constituted a connected transaction of the Company. As at the Latest Practicable Date, the expected delivery timeline for the 3 Aframax crude carriers are 31 December 2026, 30 September 2027 and 30 November 2027, respectively.

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An expected timeline for the use of proceeds from the Proposed Issuance of A Shares to Specific Target Subscribers is shown as follows:

Unit: RMB million

Item	For the financial year ending				Total
	2025	2026	2027	2028	
Investment in the construction of 6 VLCCs	–	191.60	1,341.20	3,065.60	4,598.40
Investment in the construction of 2 LNG carriers	343.34	515.01	1,888.38	–	2,746.73
Investment in the construction of 3 Aframax crude carriers	–	–	654.87	–	654.87
Total	343.34	706.61	3,884.45	3,065.60	8,000.00

Note 6: The above table demonstrates an indicative timeline. The actual usage of proceeds to be raised remains subject to potential further change(s) depending on the final amount of proceeds raised from the Issuance and the business development plan of the Group in the future.

When the proceeds have been fully received, but the net proceeds are less than the aggregate amount of the proceeds proposed to be invested in the aforementioned projects, the Company will adjust and eventually decide the specific projects to be invested in, the priorities of and the specific investment amount of each project in compliance with relevant laws and regulations and within the scope of investment projects to be financed by the proceeds from the Issuance ultimately determined, by considering the actual amount of the proceeds raised and the specific implementation progress of such projects, and will make up for the shortfall through its own or self-raised funds (either financed through bank borrowings or through internal resources). Before receiving the proceeds, the Company will, depending on the actual progress of the projects, finance these projects by its own or self-raised fund which shall be replaced once the proceeds have been received according to procedures required by relevant legal regulations.

(8) Place of listing

After the expiration of the lock-up period of the A Shares issued under the Issuance, such A Shares will be listed and traded on the main board of the Shanghai Stock Exchange. The PRC legal adviser of the Company advised that, given that the H Shares of the Company are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1138) and the A Shares of the Company are listed on the Shanghai Stock Exchange (Stock Code: 600026), with the subject of the proposed Issuance concerning A Shares within the domestic market, the proposed Issuance does not constitute an overseas initial public offering, nor does it involve any subsequent securities offering in the same overseas market or listing in another overseas market. Accordingly, the Proposed Issuance of A Shares to Specific Target Subscribers is not subject to any filing requirements pursuant to the CSRC Measures.

(9) Accumulated profit arrangement prior to the Issuance

All the existing and new Shareholders will be entitled to the accumulated undistributed profits prior to the Issuance according to their shareholding percentage after the Issuance.

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(10) Validity period of the resolutions prior to the Issuance

The resolutions regarding the Issuance shall be valid for 12 months from the date when the resolutions relating to the Proposed Issuance of A Shares to Specific Target Subscribers are considered and approved at the Shareholders' Meetings. The Company will seek relevant Shareholders' approval for any extension of the aforesaid validity period of the Issuance in the event completion of the Issuance does not take place within 12 months from the date when the resolutions relating to the Proposed Issuance of A Shares to Specific Target Subscribers are approved at the Shareholders' Meetings.

III. THE COSCO SHIPPING SUBSCRIPTION AGREEMENT

As part of the Proposed Issuance of A Shares to Specific Target Subscribers, on 24 January 2025, the Company and COSCO SHIPPING entered into the COSCO SHIPPING Subscription Agreement, pursuant to which COSCO SHIPPING has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue 50% of the total number of A Shares to be issued under the Proposed Issuance of A Shares to Specific Target Subscribers.

The major terms of the COSCO SHIPPING Subscription Agreement are consistent with the plan for the Proposed Issuance of A Shares to Specific Target Subscribers as disclosed above. Other major terms of the COSCO SHIPPING Subscription Agreement are set out below:

Date: 24 January 2025

Parties: (1) The Company (as the issuer); and
(2) COSCO SHIPPING (as the subscriber)

Number of A Shares to be issued: The number of A Shares to be issued to COSCO SHIPPING under the COSCO SHIPPING Subscription Agreement shall be 50% of the total number of A Shares to be issued under the Issuance to specific target subscribers.

For illustrative purposes only, the theoretical percentage of the maximum number of A Shares to be subscribed by COSCO SHIPPING under the COSCO SHIPPING Subscription Agreement to the total number of A Shares and the total number of Shares as at the Latest Practicable Date are 20.59% and 15.00%, respectively.

Nevertheless, given that the issue price under the COSCO SHIPPING Subscription Agreement shall not be lower than the Base Issue Price, the actual percentage of the A shares to be issued to the total number of A shares and to the total number of Shares will be considerably lower than the above theoretical percentages. For further details, please refer to the shareholding structure of the Company set forth in pages 18 to 21 of this Letter from the Board.

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Subscription price and pricing principles: The subscription price and pricing principles are consistent with the final issue price and pricing principles for the Proposed Issuance of A Shares to Specific Target Subscribers as described above.

COSCO SHIPPING will not participate in the bidding process for the price determination for the Issuance, but undertakes to accept the bidding result of other target subscribers and to subscribe for the A Shares under the Issuance at the same price as other target subscribers. If the issue price for the Issuance cannot be determined through bidding, COSCO SHIPPING will not participate in the subscription under the Issuance.

The benchmark price will be adjusted if any ex-right or ex-dividend event (such as distribution of dividend, bonus issue, conversion of capital reserve into share capital) occurs between the pricing benchmark date and the Issue Date by an adjustment formula in line with the formula for the Proposed Issuance of A Shares to Specific Target Subscribers as described above.

The aggregate subscription price under the COSCO SHIPPING Subscription Agreement will be paid by COSCO SHIPPING to the account opened by the sponsor (the lead underwriter) for the Proposed Issuance of A Shares to Specific Target Subscribers in cash by bank transfer on the specific payment date as confirmed by the sponsor (the lead underwriter) in the notice of payment.

Lock-up period: COSCO SHIPPING undertakes that the Shares subscribed by itself under the Proposed Issuance of A Shares to Specific Target Subscribers shall not be transferred for a period of eighteen (18) months from the completion date of the Issuance. During the period from the completion date of the Issuance until the lock-up release date of such Shares, the Shares derived from events such as bonus issue and conversion of capital reserve into share capital, etc. by the Company for the A Shares subscribed by COSCO SHIPPING under the Issuance shall also comply with the above lock-up arrangement.

COSCO SHIPPING will complete lock-up procedures for A Shares subscribed for under the Proposed Issuance of A Shares to Specific Target Subscribers in accordance with relevant laws, regulations and relevant requirements of the CSRC, the Shanghai Stock Exchange as well as the Company.

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Conditions precedent:

The COSCO SHIPPING Subscription Agreement will become effective upon the fulfillment of all of the following conditions:

- (1) the matters relating to the Proposed Issuance of A Shares to Specific Target Subscribers having been approved by the Board and the Shareholders' Meetings;
- (2) the matters relating to the Proposed Issuance of A Shares to Specific Target Subscribers having been approved by the state-owned assets supervision and administration authority or its authorized regulatory units; and
- (3) the matters relating to the Proposed Issuance of A Shares to Specific Target Subscribers having been reviewed and approved by the Shanghai Stock Exchange and approved by the CSRC for registration.

As at the Latest Practicable Date, all the above conditions have been satisfied save and except for (i) the obtaining of relevant Shareholders' approval at the Shareholders' Meetings under condition precedent (1), and (ii) condition precedent (3). None of the above conditions is waivable.

As at the Latest Practicable Date, the application for the approval of the Proposed COSCO SHIPPING Subscription has not been submitted by the Company to the Shanghai Stock Exchange. The Company will submit the application for review to the Shanghai Stock Exchange following the approval of the Proposed COSCO SHIPPING Subscription at the Shareholders' Meetings, in accordance with applicable laws and regulations of the PRC.

Relationship between the Proposed Issuance of A Shares to Specific Target Subscribers and the COSCO SHIPPING Subscription:

The COSCO SHIPPING Subscription Agreement forms an integral part of the Proposed Issuance of A Shares to Specific Target Subscribers. The completion of the Proposed Issuance of A Shares to Specific Target Subscribers, which has been considered and approved by the Board, requires the COSCO SHIPPING Subscription Agreement to take effect. In the circumstance in which the COSCO SHIPPING Subscription Agreement is not approved or verified by all the requirements of applicable laws and regulations, including but not limited to approval by the Shareholders' Meetings, or due to other reasons that result in the failure of issuance, the Proposed Issuance of A Shares to Specific Target Subscribers will continue to proceed, the terms of which however will be made subject to re-evaluation and possible subsequent adjustment(s). The completion of the COSCO SHIPPING Subscription Agreement and the Proposed Issuance of A Shares to Specific Target Subscribers is not inter-conditional on each other.

LETTER FROM THE BOARD

IV. EFFECTS OF THE PROPOSED ISSUANCE OF A SHARES TO SPECIFIC TARGET SUBSCRIBERS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the total issued share capital of the Company is 4,770,776,395 Shares, which comprises 3,474,776,395 A Shares and 1,296,000,000 H Shares. As the shareholding structure of the Company will be impacted by the Issuance size, which in turn, is subject to the determination of the issue price, to fully demonstrate the potential impact of the Issuance, the Company has set out below its shareholding structure under three different possible Issuance size:

- (i) 1,431,232,918 A Shares, which represents the maximum number of A Shares permitted to be issued by law (the “**Scenario I**”);
- (ii) 1,109,570,040 A Shares, which represents the number of A Shares to be issued at the issue price of RMB7.21 per Share in exchange for a total fundraising proceeds of RMB8 billion (the “**Scenario II**”); and
- (iii) 880,088,008 A Shares, which represents the number of A Shares to be issued at RMB9.09 per Share in exchange for a total fundraising proceeds of RMB8 billion, with such issue price representing 80% of the average price at which the A Shares were traded during 20 trading days prior to Latest Practicable Date (including the Latest Practicable Date itself) (the “**Scenario III**”).

In each of the above cases, it is assumed that COSCO SHIPPING subscribes for 50% of such total number of new A Shares being issued, and that there is no change in the total issued share capital of the Company since the Latest Practicable Date save for the issue of the A Shares pursuant to the Proposed Issuance of A Shares to Specific Target Subscribers.

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The shareholding structure of the Company (a) as at Latest Practicable Date and (b) immediately after completion of the Proposed Issuance of A Shares to Specific Target Subscribers under Scenario I is set out below. Amongst the three scenarios, Scenario I, which involves the potential issuance of the maximum number of A Shares permitted by law, represents the most conservative approach and is least likely to occur.

Name of Shareholder	Class of Shares	As at the Latest Practicable Date			Immediately after completion of the Proposed Issuance of A Shares to Specific Target Subscribers		
		Number of Shares	Approximate percentage of the relevant class of Shares of the Company in issue (%)	Approximate percentage of the total issued share capital of the Company (%)	Number of Shares	Approximate percentage of the relevant class of Shares of the Company in issue (%)	Approximate percentage of the total issued share capital of the Company (%)
China Shipping	A	1,536,924,595	44.23	32.22	1,536,924,595	31.33	24.78
COSCO SHIPPING	A	676,639,159	19.47	14.18	1,392,255,618	28.38	22.45
Sub-total of COSCO SHIPPING and its associates	A	2,213,563,754	63.70	46.40	2,929,180,213	59.71	47.23
Other specific target subscribers (not more than 34)	A	–	–	–	715,616,459	14.59	11.54
Other A Shareholders	A	1,261,212,641	36.30	26.44	1,261,212,641	25.71	20.34
H Shareholders	H	1,296,000,000	100.00	27.17	1,296,000,000	100.00	20.90
Sub-total of other Shareholders		2,557,212,641	–	53.60	3,272,829,100	–	52.77
Total		4,770,776,395	–	100.00	6,202,009,313	–	100.00

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The shareholding structure of the Company (a) as at the Latest Practicable Date and (b) immediately after completion of the Proposed Issuance of A Shares to Specific Target Subscribers under Scenario II is set out below. Scenario II involves the potential issuance of 1,109,570,040 A Shares, which is calculated using the audited net assets per Share attributable to the ordinary shareholders of the Company as at 31 December 2023 (i.e. the end of the most recent period prior to the Issuance) of RMB7.21 per Share.

Name of Shareholder	Class of Shares	As at the Latest Practicable Date			Immediately after completion of the Proposed Issuance of A Shares to Specific Target Subscribers		
		Number of Shares	Approximate percentage of the relevant class of Shares of the Company in issue (%)	Approximate percentage of the total issued share capital of the Company (%)	Number of Shares	Approximate percentage of the relevant class of Shares of the Company in issue (%)	Approximate percentage of the total issued share capital of the Company (%)
China Shipping	A	1,536,924,595	44.23	32.22	1,536,924,595	33.53	26.14
COSCO SHIPPING	A	676,639,159	19.47	14.18	1,231,424,179	26.86	20.94
Sub-total of COSCO SHIPPING and its associates	A	2,213,563,754	63.70	46.40	2,768,348,774	60.39	47.08
Other specific target subscribers (not more than 34)	A	–	–	–	554,785,020	12.10	9.43
Other A Shareholders	A	1,261,212,641	36.30	26.44	1,261,212,641	27.51	21.45
H Shareholders	H	1,296,000,000	100.00	27.17	1,296,000,000	100.0	22.04
Sub-total of other Shareholders		2,557,212,641	–	53.60	3,111,997,661	–	52.92
Total		4,770,776,395	–	100.00	5,880,346,435	–	100.00

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The shareholding structure of the Company (a) as at the Latest Practicable Date and (b) immediately after completion of the Proposed Issuance of A Shares to Specific Target Subscribers under Scenario III is set out below. Scenario III involves the potential issuance of 880,088,008 A Shares, which is calculated using RMB9.09 per Share as the issue price, which represents 80% of the average price at which the A Shares were traded during 20 trading days prior to Latest Practicable Date (including the Latest Practicable Date itself).

Name of Shareholder	Class of Shares	As at the Latest Practicable Date			Immediately after completion of the Proposed Issuance of A Shares to Specific Target Subscribers		
		Number of Shares	Approximate percentage of the relevant class of Shares of the Company in issue (%)	Approximate percentage of the total issued share capital of the Company (%)	Number of Shares	Approximate percentage of the relevant class of Shares of the Company in issue (%)	Approximate percentage of the total issued share capital of the Company (%)
China Shipping	A	1,536,924,595	44.23	32.22	1,536,924,595	35.29	27.20
COSCO SHIPPING	A	676,639,159	19.47	14.18	1,116,683,163	25.64	19.76
Sub-total of COSCO SHIPPING and its associates	A	2,213,563,754	63.70	46.40	2,653,607,758	60.93	46.96
Other specific target subscribers (not more than 34)	A	–	–	–	440,044,004	10.10	7.79
Other A Shareholders	A	1,261,212,641	36.30	26.44	1,261,212,641	28.96	22.32
H Shareholders	H	1,296,000,000	100.00	27.17	1,296,000,000	100.00	22.93
Sub-total of other Shareholders		2,557,212,641	–	53.60	2,997,256,645	–	53.04
Total		4,770,776,395	–	100.00	5,650,864,403	–	100.00

Note 7: Figures shown in the table as totals may not be an arithmetic aggregation of the figures presented due to rounding adjustments.

V. FUND-RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising exercises during the 12 months immediately preceding the date of the relevant Announcement (being 24 January 2025) and/or the Latest Practicable Date.

Since the Issuance does not result in a theoretical dilution effect of 25% or more on its own, the theoretical dilution effect of the Issuance is in compliance with the requirements under Rule 7.27B of the Listing Rules.

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The Company expects that upon completion of the Issuance, it will continue to be able to comply with the requirement of minimum public float under Rules 8.08, 13.32 and 19A.13A of the Listing Rules.

VI. REASONS FOR AND BENEFITS OF THE PROPOSED ISSUANCE OF A SHARES TO SPECIFIC TARGET SUBSCRIBERS AND THE PROPOSED COSCO SHIPPING SUBSCRIPTION

(i) Proposed Issuance of A Shares to Specific Target Subscribers under the Specific Mandate

The proceeds from the Proposed Issuance of A Shares to Specific Target Subscribers will be invested in building 6 VLCCs, 2 LNG carriers and 3 Aframax crude carriers. The Proposed Issuance of A Shares to Specific Target Subscribers can help the Company capitalize on industry development trends, improve the aging structure and expand the LNG shipping capacity, thereby further reinforcing both domestic and overseas oil shipping strengths.

Purpose of the Proposed Issuance

Purposes of the Proposed Issuance of A Shares to Specific Target Subscribers include the followings:

(1) *Expand the fleet to reinforce both domestic and overseas oil shipping strengths amidst the continuous prosperity cycle of oil shipping industry*

In the backdrop of exacerbated geopolitical tensions such as the Russia-Ukraine conflict and the Red Sea crisis, production cuts maintained by OPEC countries and increasing output of American countries including Brazil and Guyana, the crude shipping routes across the world are undergoing remodeling; the shipment distances are extended, and the tanker transportation demands are growing accordingly. In respect of capacity supply, Clarksons, a research arm of Clarkson PLC which focuses primarily on the collection, validation, analysis and management of data in regards to the merchant shipping and offshore markets, with its reports widely cited in the shipping industry, stated that the supply of crude carriers will grow by 1.2% in 2025 and the capacity of oil tankers will swell by 5.6%, indicating sound supply-demand fundamentals. Affected by multiple factors, such as the aging of vessels commonly seen around the world, the temporary capacity shortage of shipyards and the persistent promotion of environmental policies, the supply side of shipping capacity sees a tension that the increasing capacity fails to counterweight the aging effect, and the oil shipping market will embrace continuous prosperity cycle under the support of the aforesaid fundamental factors. Based on the foregoing, the Company intends to expand the VLCC fleet through the Issuance, thus reinforcing the overseas oil shipping strength and further improving the Company's competitiveness.

(2) *Enlarge LNG shipping capacity in response to carbon peaking and carbon neutrality (雙碳) policies*

With further progress of the strategic goals of carbon peaking and carbon neutrality, China will witness greater LNG demands. In light of the insufficient natural gas reserves and outputs within its territory, China's LNG import is expected to increase in the long term, and the LNG shipping market is poised to expand accordingly.

In order to actively contribute to the implementation of the carbon peaking and carbon neutrality policies and to increase the proportion of clean energy use, the Company intends to build 2 LNG carriers with proceeds from the Issuance, so as to further enlarge the capacity of LNG shipping fleet.

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(3) *Optimize the aging structure to consolidate the leading position in the domestic oil shipping industry*

China's domestic oil shipping demands have witnessed a rising trajectory in recent years, with prices experiencing insignificant fluctuations as domestic oil shipping services are primarily based on long-term contracts, which, to some extent, can guard against the risks arising from fluctuations of shipping freight rates, and serve as a stable income source to the Company.

With the strategic goals of carbon peaking and carbon neutrality, the relevant state-level departments have set new stage requirements for the proportion of transportation vehicles powered by renewable and clean energy, in couple with stricter low-carbon requirements for domestic shipping vessels. Meanwhile, domestic customers are proposing stricter requests in terms of vessel age and conditions to vessel carriers.

As such, the Company intends to optimize the aging structure of tanker fleet by investing in the construction of new tankers with proceeds from the Issuance, to adapt to the stringent security and environmental requirements established by the industry, and to enhance the role of domestic businesses as the Company's benefit stabilizer and ballast, therefore consolidating the Company's leading position in the domestic oil shipping industry.

(4) *To improve the asset-liability structure and optimize liquidity for the Group*

The Group's gearing ratio, being the ratio of total debt which includes interest-bearing bank and other borrowings, other loans and lease liabilities less cash and bank over total equity, was approximately 67% as at 30 June 2024, which was slightly higher than that as at 31 December 2023 of approximately 65%. Further, as at 30 June 2024, the debt-to-asset ratio (being interest-bearing bank and other borrowings, other loans and lease liabilities less cash and bank over total assets) of the Company amounted to approximately 34.0%, represent a slight increase from that of 31 December 2023.

Having taken into account the current capital needs, the gearing level and debt-to-asset ratio of the Group, the Board considered that it is in the interest of the Company and the Shareholders as a whole to raise funds through the Issuance which is interest-free by nature, such that (i) the gearing ratio of the Group (approximately 65% as at 31 December 2023, and approximately 67% as at 30 June 2024) could be reduced, (ii) the asset-liability structure and the leverage position of the Group can be improved while optimizing liquidity of the Group currently and in the near future, thereby allowing the Group to be in a financial position to accommodate larger debt volume when the equity fundraising serves to replenish and support the sustainable development of the Group in light of upcoming marketable opportunities.

A comparison on other alternative financing means

As advised by the management of the Company, the Board has considered various fund raising alternatives apart from the Issuance such as debt financing, issuance of H Shares, conducting rights issue or public offering.

The Board is of the view that debt financing may not be the most practicable financing plan for the Group to meet its capital needs, as financing through bank borrowing may involve lengthy negotiation with financial institutions, and will incur substantial interest expenses which will adversely impact the profitability of the Group amidst current macroeconomic conditions. Given the above, the Board is of the view that the Issuance, being an equity financing means, is more practicable than external debt financing and is in the interests of the Company and the Shareholders as a whole.

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The Board has also considered an alternative equity financing means which is to conduct a private placement of H Shares to specific target investors. However, such method is less desirable given the prevailing market price of the H Shares has been lower than that of the A Shares. Therefore, assuming that the pricing basis of not less than the average trading price of H Shares in the 20 trading days preceding the base day, to raise the same target amount will require a substantially greater amount of number of new H Shares, which will lead to a greater dilution effect to the shareholding of the existing Shareholders and less likely to be in the interests of the Independent Shareholders.

Having considered that (i) equity financing is more practicable than external financing; and (ii) the issued H Share capital of the Company is lower than the issued A Share capital of the Company, the Board considers that it is in the interests of the Company and the Shareholders as a whole to raise funds by the Issuance.

(ii) Proposed COSCO SHIPPING Subscription

On the one hand, the Proposed COSCO SHIPPING Subscription demonstrates the confidence of COSCO SHIPPING in the Company and the support from COSCO SHIPPING for the development of the Company, which can assist the Company to further capitalize on the advantages of maritime energy transportation and to enhance the overall competitiveness of its fleet.

On the other hand, since COSCO SHIPPING, the controlling Shareholder, has agreed to conditionally subscribe for 50% of the Issuance amount pursuant to the COSCO SHIPPING Subscription Agreement, in the event of any over-subscription, the subscription ratio and the number of external investors may be restricted. Save for the aforesaid, there are no other disadvantages arising from the Proposed COSCO Shipping Subscription.

Mr. Ren Yongqiang and Mr. Zhu Maijin, being executive Directors, and Mr. Wang Shuqing, Mr. Wang Wei and Ms. Wang Songwen, being non-executive Directors, hold positions in COSCO SHIPPING and/or its subsidiaries other than the Group. Accordingly, Mr. Ren Yongqiang, Mr. Zhu Maijin, Mr. Wang Shuqing, Mr. Wang Wei and Ms. Wang Songwen have abstained from voting on the relevant Board resolutions approving the Proposed Issuance of A Shares to Specific Target Subscribers and the Proposed COSCO SHIPPING Subscription. Save as aforementioned, none of the other Directors has a material interest in the Proposed Issuance of A Shares to Specific Target Subscribers and the Proposed COSCO SHIPPING Subscription and hence no other Director has abstained from voting on such Board resolutions.

The Directors (including the independent non-executive Directors) are of the view that while the Proposed Issuance of A Shares to Specific Target Subscribers is not in the ordinary and usual course of business of the Group, the terms of the Proposed Issuance of A Shares to Specific Target Subscribers are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (excluding the independent non-executive Directors) are of the view that the terms and conditions of the COSCO SHIPPING Subscription Agreement were agreed after arm's length negotiations between the Company and COSCO SHIPPING, and the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The independent non-executive Directors have expressed their opinions that the terms of Proposed COSCO SHIPPING Subscription are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole after receiving the opinions of the Independent Financial Adviser on the Proposed COSCO SHIPPING Subscription.

LETTER FROM THE BOARD

VII. SHIPBUILDING CONTRACTS FOR PANAMAX CRUDE OIL/PRODUCT OIL TANKERS

The principal terms of the Shipbuilding Contracts for Panamax Crude Oil/Product Oil Tankers are set out below:

Date

14 February 2025

Parties

- (1) The Company (as the buyer); and
- (2) COSCO SHIPPING Heavy Industry (Dalian) (as the builder and seller).

Subject matter

Pursuant to the Shipbuilding Contracts for Panamax Crude Oil/Product Oil Tankers are set out below, COSCO SHIPPING Heavy Industry (Dalian) has agreed to design, build, launch, equip and complete at the shipyard, and sell and deliver to the Company, and the Company has agreed to purchase and take delivery of the tankers.

The tankers

The tankers are two Panamax Methanol Fuel (Ready) crude oil/product oil tankers with a guaranteed deadweight of 74,000 DWT at structural draught each.

Consideration and payment terms

Pursuant to the Shipbuilding Contracts for Panamax Crude Oil/Product Oil Tankers, the consideration for each of the tankers is RMB456 million, and the aggregate consideration for the two tankers is RMB912 million. The consideration (being the tanker price of the tanker) is payable by the Company to COSCO SHIPPING Heavy Industry (Dalian) in five instalments of 20%, 10%, 10%, 10% and 50%, based on the shipbuilding progress.

The consideration for each tanker may be adjusted based on (i) the construction elements of the relevant oil tanker, being its speed, deadweight tonnage and fuel consumption rate, (for the speed and deadweight tonnage) falling below or (for fuel consumption rate) exceeding certain agreed benchmarks as stipulated in the shipbuilding contract; or (ii) the delay in delivery of the relevant oil tanker exceeding certain agreed time limits as stipulated in the shipbuilding contract. The above adjustments shall be made together with the fifth instalment payment. The consideration for each tanker is not subject to any upward adjustment mechanism pursuant to the Shipbuilding Contracts for Panamax Crude Oil/Product Oil Tankers.

Each of the Shipbuilding Contracts for Panamax Crude Oil/Product Oil Tankers provides that there will be no adjustment in the price of the tanker if the delivery is delayed for a period not exceeding 30 days (“**Grace Period**”). Under the Shipbuilding Contracts for Panamax Crude Oil/Product Oil Tankers, delay will be permitted on account of force majeure events.

LETTER FROM THE BOARD

If the delay exceeds the Grace Period but does not exceed 210 days (being the number of days including the Grace Period but excluding the days allowed for delay under force majeure events therein prescribed under the Shipbuilding Contracts for Panamax Crude Oil/Product Oil Tankers) (“**210 Prescribed Days**”) or 270 days (being the number of days including the Grace Period and the days allowed for delay under force majeure events together with any other days which are not allowed for delay therein prescribed under the Shipbuilding Contracts for Panamax Crude Oil/Product Oil Tankers) (“**270 Prescribed Days**”) respectively, there will be a reduction in the price of the tankers determined on the basis of the extent of the delay. For the avoidance of doubt, the said reduction in the price as a result of the delay will be calculated based on a daily reduction rate of RMB47,000 per day, subject to a maximum aggregate amount of reduction of RMB8,460,000 in respect of each tanker.

If the delay exceeds 210 Prescribed Days or 270 Prescribed Days respectively, unless the parties agree otherwise, the Company has the right to refuse to accept delivery of the tankers in which case all payments paid under the Shipbuilding Contracts for Panamax Crude Oil/Product Oil Tankers together with interests will be refunded to the Company.

There will be other downward adjustments in price of the tanker if its performance (such as speed, deadweight tonnage, fuel consumption rate) does not satisfy certain agreed benchmarks (as the case may be). However, should the relevant performance exceed or fall below certain agreed benchmark, the Company has the right to refuse delivery of the tanker or accept the tanker with a reduced contract price. The maximum aggregate amount of reduction in the price in relation to speed, deadweight tonnage and fuel consumption rate is RMB1,753,000, RMB2,250,000 and RMB1,370,000, respectively for each tanker.

The consideration was determined after arm’s length negotiations between the Company and COSCO SHIPPING Heavy Industry (Dalian) with reference to the market price for the construction of the same specifications of the oil tankers by 2 independent ship builders in the market and COSCO SHIPPING Heavy Industry (Dalian) respectively, the final quotation from COSCO SHIPPING Heavy Industry (Dalian) is more favourable than the 2 other quotations from the independent ship builders.

In the course of negotiating the consideration for the tankers, to reach the final terms of the Shipbuilding Contracts, the Group sent enquiries to a number of shipyards in the PRC, selected the target shipyard based on respective shipbuilding capacity, dock availability, delivery date, price and other factors of the shipyards with feedback offers, and conducted several rounds of negotiation with the target shipyard in respect of the technical and commercial aspects.

The consideration will be funded by the Company as to approximately 80% by external financing (including bank borrowings) and approximately 20% by internal financial resources. The Group anticipates to commence negotiations for the said bank borrowings following the Shareholders’ Meetings.

Delivery

The delivery of the two tankers is expected to take place by (or before) the end of September 2027 and the end of December 2027, respectively.

Modifications

During the construction of the tankers, the Company shall be entitled to make reasonable requests for changes to the specifications of the tankers to COSCO SHIPPING Heavy Industry (Dalian). The Company shall provide sufficient documentation and describe the changes requested in detail, provided that the shipbuilding plan and other commitments of COSCO SHIPPING Heavy Industry (Dalian) may reasonably be adjusted according to the changes.

LETTER FROM THE BOARD

VIII. SHIPBUILDING CONTRACTS FOR AFRAMAX CRUDE OIL TANKERS

The principal terms of the Shipbuilding Contracts for Aframax Crude Oil Tankers are set out below:

Date

14 February 2025

Parties

- (1) COSCO SHIPPING Energy Transportation (Hainan) (as the buyer); and
- (2) COSCO SHIPPING Heavy Industry (Yangzhou) (as the builder and seller).

Subject matter

Pursuant to the Shipbuilding Contracts for Aframax Crude Oil Tankers, COSCO SHIPPING Heavy Industry (Yangzhou) has agreed to design, build, launch, equip and complete at the shipyard, and sell and deliver to COSCO SHIPPING Energy Transportation (Hainan), and COSCO SHIPPING Energy Transportation (Hainan) has agreed to purchase and take delivery of the tankers.

The tankers

The tankers are two Aframax Methanol Dual Fuel crude oil tankers with a guaranteed deadweight of 114,200 DWT at structural draught each.

Consideration and payment terms

Pursuant to the Shipbuilding Contracts for Aframax Crude Oil Tankers, the consideration for each of the tankers is RMB610 million, and the aggregate consideration for the two tankers is RMB1,220 million. The consideration is payable by COSCO SHIPPING Energy Transportation (Hainan) to COSCO SHIPPING Heavy Industry (Yangzhou) in five instalments of 20%, 10%, 10%, 10% and 50%, respectively based on the shipbuilding progress.

The consideration for each tanker may be adjusted based on (i) the construction elements of the relevant oil tanker, being its speed, deadweight tonnage and fuel consumption rate, (for the speed and deadweight tonnage) falling below or (for fuel consumption rate) exceeding certain agreed benchmarks as stipulated in the relevant shipbuilding contract; or (ii) the delay in delivery of the relevant oil tanker exceeding certain agreed time limits as stipulated in the relevant shipbuilding contract. The above adjustments shall be made together with the fifth instalment payment. The consideration for each tanker is not subject to any upward adjustment mechanism pursuant to the Shipbuilding Contracts for Aframax Crude Oil Tankers.

Each of the Shipbuilding Contracts for Aframax Crude Oil Tankers provides that there will be no adjustment in the price of the relevant tankers if the delivery is delayed for a period not exceeding 30 days (“**Grace Period**”). Under the Shipbuilding Contracts for Aframax Crude Oil Tankers, delay will be permitted on account of force majeure events.

LETTER FROM THE BOARD

If the delay exceeds the Grace Period but does not exceed 210 days (being the number of days including the Grace Period but excluding the days allowed for delay under force majeure events therein prescribed under the Shipbuilding Contracts for Aframax Crude Oil Tankers) (“**210 Prescribed Days**”) or 270 days (being the number of days including the Grace Period and the days allowed for delay under force majeure events together with any other days which are not allowed for delay therein prescribed under the Shipbuilding Contracts for Aframax Crude Oil Tankers) (“**270 Prescribed Days**”) respectively, there will be a reduction in the price of the relevant tankers determined on the basis of the extent of the delay. For the avoidance of doubt, the said reduction in the price as a result of the delay will be calculated based on a daily reduction rate of RMB63,000 per day, subject to a maximum aggregate amount of reduction of RMB11,340,000 in respect of each tanker.

If the delay exceeds 210 Prescribed Days or 270 Prescribed Days respectively, unless the parties agree otherwise, COSCO SHIPPING Energy Transportation (Hainan) has the right to refuse to accept delivery of the relevant tankers in which case all payments paid under the relevant Shipbuilding Contracts for Aframax Crude Oil Tankers together with interests will be refunded to COSCO SHIPPING Energy Transportation (Hainan).

There will be other downward adjustments in price of the relevant tankers if their performance (such as speed, deadweight tonnage, fuel consumption rate) does not satisfy certain agreed benchmarks (as the case may be). However, should the relevant performance exceed or fall below certain agreed benchmark, COSCO SHIPPING Energy Transportation (Hainan) has the right to refuse delivery of the relevant tankers or accept the relevant tankers with a reduced contract price. The maximum aggregate amount of reduction in the price in relation to speed, deadweight tonnage and fuel consumption rate is RMB2,317,000, RMB4,400,000 and RMB1,845,000, respectively for each of the relevant tankers.

The consideration was determined after arm’s length negotiations between COSCO SHIPPING Energy Transportation (Hainan) and COSCO SHIPPING Heavy Industry (Yangzhou) with reference to the market price for the construction of the same specifications of the oil tankers by 3 independent ship builders in the market and COSCO SHIPPING Heavy Industry (Yangzhou) respectively, the final quotation from COSCO SHIPPING Heavy Industry (Yangzhou) is more favourable than the 3 other quotations from the independent ship builders.

In the course of negotiating the consideration for the tankers, to reach the final terms of the Shipbuilding Contracts, the Group sent enquiries to a number of shipyards in the PRC, selected the target shipyard based on respective shipbuilding capacity, dock availability, delivery date, price and other factors of the shipyards with feedback offers, and conducted several rounds of negotiation with the target shipyard in respect of the technical and commercial aspects.

The consideration will be funded by COSCO SHIPPING Energy Transportation (Hainan) as to approximately 80% by external financing (including bank borrowings) and approximately 20% by internal financial resources. The Group anticipates to commence negotiations for the said bank borrowings following the Shareholders’ Meetings.

Delivery

The delivery of the two tankers is expected to take place by (or before) the end of February 2028 and the end of May 2028, respectively.

LETTER FROM THE BOARD

Modifications

During the construction of the tankers, COSCO SHIPPING Energy Transportation (Hainan) shall be entitled to make reasonable requests for changes to the specifications of the tankers to COSCO SHIPPING Heavy Industry (Yangzhou). COSCO SHIPPING Energy Transportation (Hainan) shall provide sufficient documentation and describe the changes requested in detail, provided that the shipbuilding plan and other commitments of COSCO SHIPPING Heavy Industry (Yangzhou) may reasonably be adjusted according to the changes.

IX. SHIPBUILDING CONTRACTS FOR LR2 CRUDE OIL/PRODUCT OIL TANKERS

The principal terms of the Shipbuilding Contracts for LR2 Crude Oil/Product Oil Tankers are set out below:

Date

14 February 2025

Parties

- (1) COSCO SHIPPING Energy Transportation (Hainan) (as the buyer); and
- (2) COSCO SHIPPING Heavy Industry (Yangzhou) (as the builder and seller).

Subject matter

Pursuant to the Shipbuilding Contracts for LR2 Crude Oil/Product Oil Tankers, COSCO SHIPPING Heavy Industry (Yangzhou) has agreed to design, build, launch, equip and complete at the shipyard, and sell and deliver to COSCO SHIPPING Energy Transportation (Hainan), and COSCO SHIPPING Energy Transportation (Hainan) has agreed to purchase and take delivery of the tankers.

The tankers

The tankers are two LR2 Methanol Dual Fuel crude oil/product oil tankers with a guaranteed deadweight of 109,900 DWT at structural draught each.

Consideration and payment terms

Pursuant to the Shipbuilding Contracts for LR2 Crude Oil/Product Oil Tankers, the consideration for each of the tankers is RMB630 million, and the aggregate consideration for the two tankers is RMB1,260 million. The consideration is payable by COSCO SHIPPING Energy Transportation (Hainan) to COSCO SHIPPING Heavy Industry (Yangzhou) in five instalments of 20%, 10%, 10%, 10% and 50%, respectively based on the shipbuilding progress.

The consideration for each tanker may be adjusted based on (i) the construction elements of the relevant oil tanker, being its speed, deadweight tonnage and fuel consumption rate, (for the speed and deadweight tonnage) falling below or (for fuel consumption rate) exceeding certain agreed benchmarks as stipulated in the relevant shipbuilding contract; or (ii) the delay in delivery of the relevant oil tanker exceeding certain agreed time limits as stipulated in the relevant shipbuilding contract. The above adjustments shall be made together with the fifth instalment payment. The consideration for each tanker is not subject to any upward adjustment mechanism pursuant to the Shipbuilding Contracts for LR2 Crude Oil/Product Oil Tankers.

LETTER FROM THE BOARD

Each of the Shipbuilding Contracts for LR2 Crude Oil/Product Oil Tankers provides that there will be no adjustment in the price of the relevant tankers if the delivery is delayed for a period not exceeding 30 days (“**Grace Period**”). Under the Shipbuilding Contracts for LR2 Crude Oil/Product Oil Tankers, delay will be permitted on account of force majeure events.

If the delay exceeds the Grace Period but does not exceed 210 days (being the number of days including the Grace Period but excluding the days allowed for delay under force majeure events therein prescribed under the Shipbuilding Contracts for LR2 Crude Oil/Product Oil Tankers) (“**210 Prescribed Days**”) or 270 days (being the number of days including the Grace Period and the days allowed for delay under force majeure events together with any other days which are not allowed for delay therein prescribed under the Shipbuilding Contracts for LR2 Crude Oil/Product Oil Tankers) (“**270 Prescribed Days**”) respectively, there will be a reduction in the price of the relevant tankers determined on the basis of the extent of the delay. For the avoidance of doubt, the said reduction in the price will be calculated based on a daily reduction rate of RMB65,000 per day, subject to a maximum aggregate amount of reduction of RMB11,700,000 in respect of each tanker.

If the delay exceeds 210 Prescribed Days or 270 Prescribed Days respectively, unless the parties agree otherwise, COSCO SHIPPING Energy Transportation (Hainan) has the right to refuse to accept delivery of the relevant tankers in which case all payments paid under the relevant Shipbuilding Contracts for LR2 Crude Oil/Product Oil Tankers together with interests will be refunded to COSCO SHIPPING Energy Transportation (Hainan).

There will be other downward adjustments in price of the relevant tankers if their performance (such as speed, deadweight tonnage, fuel consumption rate) does not satisfy certain agreed benchmarks (as the case may be). However, should the relevant performance exceed or fall below certain agreed benchmark, COSCO SHIPPING Energy Transportation (Hainan) has the right to refuse delivery of the relevant tankers or accept the relevant tankers with a reduced contract price. The maximum aggregate amount of reduction in the price in relation to speed, deadweight tonnage and fuel consumption rate is RMB2,391,000, RMB4,600,000 and RMB1,900,000, respectively for each of the relevant tankers.

The consideration was determined after arm’s length negotiations between COSCO SHIPPING Energy Transportation (Hainan) and COSCO SHIPPING Heavy Industry (Yangzhou) with reference to the market price for the construction of the same specifications of the oil tankers by 3 independent ship builders in the market and COSCO SHIPPING Heavy Industry (Yangzhou) respectively, the final quotation from COSCO SHIPPING Heavy Industry (Yangzhou) is more favourable than the 3 other quotations from the independent ship builders.

In the course of negotiating the consideration for the tankers, to reach the final terms of the Shipbuilding Contracts, the Group sent enquiries to a number of shipyards in the PRC, selected the target shipyard based on respective shipbuilding capacity, dock availability, delivery date, price and other factors of the shipyards with feedback offers, and conducted several rounds of negotiation with the target shipyard in respect of the technical and commercial aspects.

The consideration will be funded by COSCO SHIPPING Energy Transportation (Hainan) as to approximately 80% by external financing (including bank borrowings) and approximately 20% by internal financial resources. The Group anticipates to commence negotiations for the said bank borrowings following the Shareholders’ Meetings.

Delivery

The delivery of the two tankers is expected to take place by (or before) the end of July 2028 and the end of September 2028, respectively.

LETTER FROM THE BOARD

Modifications

During the construction of the tankers, COSCO SHIPPING Energy Transportation (Hainan) shall be entitled to make reasonable requests for changes to the specifications of the tankers to COSCO SHIPPING Heavy Industry (Yangzhou). COSCO SHIPPING Energy Transportation (Hainan) shall provide sufficient documentation and describe the changes requested in detail, provided that the shipbuilding plan and other commitments of COSCO SHIPPING Heavy Industry (Yangzhou) may reasonably be adjusted according to the changes.

X. REASONS FOR AND BENEFITS OF ENTERING INTO THE SHIPBUILDING CONTRACTS

The construction of these new tankers is a significant step taken by the Group to implement the development plan for the tanker fleet and to promote the green and low-carbon development of the fleet. The Group plans to steadily increase the proportion of clean energy-powered ships through the construction of new ships and the upgrade of existing ships, thereby reducing the environmental and ecological impact of ship operations and enhancing the effectiveness and level of ESG governance.

With the delivery of the new tankers, the age structure of the Group's overall tanker fleet will be further optimized, enhancing the competitive advantage in both domestic and international oil transportation, which will aid the global layout of the Group and improve overall profitability and shareholder returns. According to the internal estimation of the Group based on the financial conditions of the Group as at 31 December 2024 and without taking into account any future fundraising activities, the construction of six oil tankers is expected to offer a favorable investment return rate, which will help enhance the Company's risk resistance capability and improve profit margins for the operations of the Group, allowing the Group to support the interest expenses arising from external financing.

The construction of tankers will allow the Group to optimize the age of the tanker fleet and enhance the core competitiveness of the fleet by introducing new tankers and reducing the overall age of the Group's fleet of small and medium-sized oil tankers. Given the overall age of the Group's fleet of small and medium-sized oil tankers such as Aframax crude oil tankers, LR2 crude oil/product oil tankers and Panamax crude oil/product oil tankers is relatively older as compared with other competitors, it is crucial for the Group to commence the shipbuilding plan of new tankers through the entering into of the Shipbuilding Contracts to optimize the age structure of its fleet to achieve fleet sustainability which is important to maintaining the Group's competitiveness.

Further, the construction of tankers will allow the Group to maintain domestic oil shipping market share and expand international oil shipping market share. As the Group's domestic customers require higher safety standard for oil tankers which includes more stringent requirements on the age and conditions of oil tankers and the Group's current domestic trade vessels are generally older than the competitors which may bring challenges to the Group on maintaining its domestic oil shipping market share and leading position, the Group's domestic oil shipping capacities will need to be upgraded to further consolidate and enhance the Group's domestic oil shipping fleet in order to maintain its overall profitability.

Also, as the Aframax Methanol Dual Fuel crude oil tankers and LR2 Methanol Dual Fuel crude oil/product oil tankers are methanol dual fuel tankers while the Panamax Methanol Fuel (Ready) crude oil/product oil tankers are methanol (ready) tankers, the Directors consider that such type of tankers under the Shipbuilding Contracts are able to promote the optimization and adjustment of the fleet structure to a green and low-carbon direction.

LETTER FROM THE BOARD

The two Aframax Methanol Dual Fuel crude oil tankers and the two LR2 Methanol Dual Fuel crude oil/product oil tankers will be used in the Group's international oil shipping to enhance its global operation capability and expand its international oil shipping market share. As to the two Panamax Methanol Fuel (Ready) crude oil/product oil tankers, they will be used in domestic oil shipping.

Despite the above advantages in relation to the transactions contemplated under the Shipbuilding Contracts, the Company anticipates that, following the delivery of the tankers under the Shipbuilding Contracts, the Group's fixed assets will increase while current assets will decrease and long term liabilities will increase depending on the proportion of the contract price funded from internal resources and external finance. For the avoidance of doubt, none of such Shipbuilding Contracts are to be funded by the proceeds to be raised from the Issuance. Despite the aforesaid drawback to entering into the Shipbuilding Contracts, the Company is of the view that there is no immediate material impact on earnings of the Group by reason only of the entering into the Shipbuilding Contracts.

XI. INFORMATION ON THE PARTIES TO (I) THE PROPOSED COSCO SHIPPING SUBSCRIPTION; AND (II) THE SHIPBUILDING CONTRACTS AND THE TRANSACTIONS CONTEMPLATED THEREUNDER

The Company and the Group

COSCO SHIPPING Energy Transportation (Hainan) is a company incorporated under the laws of the PRC with limited liability. It is a wholly-owned subsidiary of the Company and is principally engaged in the international energy transportation business.

The Company is a joint stock limited company incorporated in the PRC, the H shares of which are listed on the Hong Kong Stock Exchange (Stock Code: 1138) and the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600026).

The Group is principally engaged in investment holding, oil shipment along the coast of the PRC and internationally, international liquefied natural gas shipment, liquefied petroleum gas shipment, chemicals shipment and vessel chartering.

COSCO SHIPPING and China Shipping

COSCO SHIPPING is a state-owned enterprise and is an indirect controlling shareholder of the Company. COSCO SHIPPING is principally engaged in international shipping, ancillary business in international maritime transportation, import and export of goods and technologies, international freight agency business, leasing of self-owned vessels, sales of vessels, containers and steel, maritime engineering design and terminal and port investment.

China Shipping is a company incorporated under the laws of the PRC and a wholly-owned subsidiary of COSCO SHIPPING. China Shipping is principally engaged in coastal and ocean cargo transportation, container transportation, import and export business and international freight agency business.

The Target Shipyards

COSCO SHIPPING Heavy Industry (Dalian) is a company incorporated under the laws of the PRC with limited liability. It is an indirect wholly-owned subsidiary of COSCO SHIPPING Heavy Industry and is principally engaged in the construction, repair and conversion of vessels.

COSCO SHIPPING Heavy Industry (Yangzhou) is a company incorporated under the laws of the PRC with limited liability. It is a wholly-owned subsidiary of COSCO SHIPPING Heavy Industry and is principally engaged in the construction, repair and conversion of vessels.

LETTER FROM THE BOARD

COSCO SHIPPING Heavy Industry is a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING. It is principally engaged in the construction, repair and conversion of vessels and marine equipment and supporting services.

XII. LISTING RULES IMPLICATIONS

The Proposed Issuance of A Shares to Specific Target Subscriber and the COSCO SHIPPING Subscription Agreement

As at the Latest Practicable Date, COSCO SHIPPING directly holds 676,639,159 A Shares and China Shipping, a wholly-owned subsidiary of COSCO SHIPPING, holds 1,536,924,595 A Shares, COSCO SHIPPING and its associates therefore control or are entitled to control the voting rights in respect of 2,213,563,754 A Shares, representing approximately 46.40% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING is an indirect controlling Shareholder of the Company and therefore a connected person of the Company. The Proposed COSCO SHIPPING Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The new A Shares to be issued under the Proposed Issuance of A Shares to Specific Target Subscribers will be issued under the Specific Mandate to be sought from the Independent Shareholders at the Shareholders' Meetings. The new A Shares to be issued under the Proposed Issuance of A Shares to Specific Target Subscribers will constitute a variation of the class rights of the holders of A Shares and H Shares, respectively, under the Articles of Association. Pursuant to the Articles of Association, the new A Shares to be issued under the Proposed Issuance of A Shares to Specific Target Subscribers is required to be subject to approvals of Shareholders by way of special resolutions at the EGM and separate Class Meetings.

The Shipbuilding Contracts and the transactions contemplated thereunder

To the best of the Directors' knowledge, information and belief, COSCO SHIPPING Heavy Industry (Yangzhou) and COSCO SHIPPING Heavy Industry (Dalian) are indirect wholly-owned subsidiaries of COSCO SHIPPING and therefore are connected persons of the Company. Accordingly, the Shipbuilding Contracts and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Shipbuilding Contracts and the transactions contemplated thereunder exceed 5% but are all less than 25%, the entering into of the Shipbuilding Contracts and the transactions contemplated thereunder constitute discloseable and connected transactions of the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules, and the announcement, Independent Shareholders' approval, circular and annual reporting requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

XIII. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed under Chapter 14A of the Listing Rules to advise the Independent Shareholders as to whether the terms in respect of (i) the Proposed COSCO SHIPPING Subscription; and (ii) the Shipbuilding Contracts and the transactions contemplated thereunder, are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business, and whether they are in the interests of the Company and its Shareholders as a whole.

The Independent Financial Adviser has been appointed to advise and make recommendation to the Independent Board Committee and the Independent Shareholders as to whether the terms in respect of (i) the Proposed COSCO SHIPPING Subscription; and (ii) the Shipbuilding Contracts and the transactions contemplated thereunder, are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business, and whether they are in the interests of the Company and its Shareholders as a whole in accordance with Rule 14A.40 of the Listing Rules.

XIV. PROPOSED CONSEQUENTIAL AMENDMENTS TO THE ARTICLES OF ASSOCIATION UPON COMPLETION OF THE PROPOSED ISSUANCE OF A SHARES TO SPECIFIC TARGET SUBSCRIBERS TO REFLECT THE RELEVANT CHANGES TO THE REGISTERED SHARE CAPITAL

Upon completion of the Proposed Issuance of A Shares to Specific Target Subscribers, there will be a change in the registered share capital of the Company, and therefore the provisions of the Articles of Association relating to the registered share capital of the Company, the total number of Shares and other provisions will be amended to reflect the relevant changes. The Board intends to propose to the Shareholders' Meetings that the Shareholders authorize the Board and the persons authorized by the Board to make corresponding amendments to the relevant provisions in the Articles of Association in accordance with the results of the Proposed Issuance of A Shares to Specific Target Subscribers, and to make relevant registration of change.

XV. DIRECTORS' CONFIRMATION

Mr. Ren Yongqiang and Mr. Zhu Maijin, being executive Directors, and Mr. Wang Shuqing, Mr. Wang Wei and Ms. Wang Songwen, being non-executive Directors, hold positions in COSCO SHIPPING and/or its subsidiaries other than the Group. Accordingly, Mr. Ren Yongqiang, Mr. Zhu Maijin, Mr. Wang Shuqing, Mr. Wang Wei and Ms. Wang Songwen have abstained from voting on the relevant Board resolutions approving (i) the Proposed Issuance of A Shares to Specific Target Subscribers; (ii) the Proposed COSCO SHIPPING Subscription; and (iii) the Shipbuilding Contracts and the transactions contemplated thereunder. Save as aforementioned, none of the other Directors has a material interest in (i) the Proposed Issuance of A Shares to Specific Target Subscribers; (ii) the Proposed COSCO SHIPPING Subscription; and (iii) the Shipbuilding Contracts and the transactions contemplated thereunder and hence no other Director has abstained from voting on such Board resolutions.

XVI. RESOLUTIONS TO BE PROPOSED AT THE SHAREHOLDERS' MEETINGS

Information in relation to (i) the Proposed Issuance of A Shares to Specific Target Subscribers; (ii) the Proposed COSCO SHIPPING Subscription; and (iii) the Shipbuilding Contracts and the transactions contemplated thereunder which will be proposed for consideration and, if thought fit, approval at the EGM and/or the Class Meetings has been disclosed in this circular.

LETTER FROM THE BOARD

In order to facilitate the relevant Shareholders to locate the information in relation to the corresponding resolutions, the Company set out below an index for its Shareholders' reference:

No.	Subject matter of the resolution	Approving authority(ies)	Type of resolution	Whether COSCO SHIPPING, China Shipping and their respective associates are required to abstain from voting	Reference
1	The Company satisfy the requirements the Proposed Issuance of A Shares to Specific Target Subscribers.	EGM	Ordinary resolution		For details, please refer to the Letter from the Board – “II. <i>The Proposed Issuance of A Shares to Specific Target Subscribers</i> ” in this circular
2	The Shipbuilding Contracts for Panamax Crude Oil/Product Oil Tankers	EGM	Ordinary resolution	✓	For details, please refer to the Letter from the Board – “VII. <i>Shipbuilding Contracts for Panamax Crude Oil/Product Oil Tankers</i> ” in this circular
3	The Shipbuilding Contracts for Aframax Crude Oil Tankers	EGM	Ordinary resolution	✓	For details, please refer to the Letter from the Board – “VIII. <i>Shipbuilding Contracts for Aframax Crude Oil Tankers</i> ” in this circular
4	The Shipbuilding Contracts for LR2 Crude Oil/Product Oil Tankers	EGM	Ordinary resolution	✓	For details, please refer to the Letter from the Board – “IX. <i>Shipbuilding Contracts for LR2 Crude Oil/Product Oil Tankers</i> ” in this circular
5	Proposal on the Proposed Issuance of A Shares to Specific Target Subscribers by the Company in 2025.	EGM and the Class Meetings	Special resolution	✓	For details, please refer to the Letter from the Board – “II. <i>The Proposed Issuance of A Shares to Specific Target Subscribers</i> ” in this circular
6	Preliminary proposal on the Proposed Issuance of A Shares to Specific Target Subscribers by the Company in 2025.	EGM and the Class Meetings	Special resolution	✓	For details, please refer to the overseas regulatory announcement of the Company dated 24 January 2025

LETTER FROM THE BOARD

No.	Subject matter of the resolution	Approving authority(ies)	Type of resolution	Whether COSCO SHIPPING, China Shipping and their respective associates are required to abstain from voting	Reference
7	Discussion and analysis report on the Proposed Issuance of A Shares to Specific Target Subscribers by the Company in 2025.	EGM	Special resolution	✓	For details, please refer to the overseas regulatory announcement of the Company dated 24 January 2025
8	Feasibility analysis report on the use of proceeds from the Proposed Issuance of A Shares to Specific Target Subscribers by the Company in 2025.	EGM	Special resolution	✓	For details, please refer to Appendix I in this circular
9	Report on use of proceeds from previous fund-raising activities of the Company.	EGM	Special resolution	✓	For details, please refer to Appendix II in this circular
10	Entering into of the conditional share subscription agreement(s) with COSCO SHIPPING by the Company and the related(connection) transaction.	EGM and the Class Meetings	Special resolution	✓	For details, please refer to the Letter from the Board – “III. The COSCO SHIPPING Subscription Agreement” in this circular
11	Proposal to submit to the Shareholders’ Meeting for approval of COSCO SHIPPING’s exemption from acquiring additional shares of the Company by way of tender offer.	EGM	Special resolution	✓	For details, please refer to the Letter from the Board – “III. The COSCO SHIPPING Subscription Agreement” in this circular
12	Future plan for return to the shareholders for the coming three years (2025-2027) of the Company.	EGM	Special resolution		For details, please refer to Appendix III in this circular
13	Dilution of current returns, remedial measures of the Company for the Proposed Issuance of A Shares to Specific Target Subscribers.	EGM	Special resolution		For details, please refer to Appendix IV in this circular

LETTER FROM THE BOARD

No.	Subject matter of the resolution	Approving authority(ies)	Type of resolution	Whether COSCO SHIPPING, China Shipping and their respective associates are required to abstain from voting	Reference
14	Undertakings to be made by the relevant entities in respect of the measures on the dilution of the Company's current return by the Proposed Issuance of A Shares to Specific Target Subscribers.	EGM	Special resolution		For details, please refer to Appendix IV in this circular
15	The Specific Mandate related to the Proposed Issuance of A Shares to Specific Target Subscribers.	EGM and the Class Meetings	Special resolution	✓	For details, please refer to the Letter from the Board – “XII. Listing Rules Implications” in this circular
16	Authorization by the general meeting to the Board and its authorized person(s) to proceed with relevant matters in respect of the issuance of Shares to specific target subscribers by the Company in their sole discretion.	EGM and the Class Meetings	Special resolution	✓	For details, please refer to the Letter from the Board – “XVI. Resolutions to be Proposed at the Shareholders' Meetings” in this circular

To ensure smooth implementation of the Proposed Issuance of A Shares to Specific Target Subscribers, it is proposed to the Shareholders' Meetings that the Board and any person(s) authorized by it be authorized to proceed with the matters related thereto, in their sole discretion, including but not limited to:

1. to authorize the Board and its authorized person(s) to formulate and implement the specific proposal for the issuance of shares to specific objects in accordance with the issuance plan approved by the Shareholders' meeting(s) and the specific circumstances at the time of issuance, including but not limited to the subject, timing and quantity of issuance, commencement and end dates of the issuance, issue price, specific subscription method and other matters related to the issuance pricing method;
2. to authorize the Board and its authorized person(s) to supplement, revise and adjust the specific plan and related application documents and supporting documents in accordance with relevant laws and regulations, policy changes, market changes and the requirements of relevant departments;
3. to authorize the Board and its authorized person(s) to handle the declaration of the issuance of Shares to specific targets, and prepare, modify and submit the declaration materials for the issuance of Shares to specific targets in accordance with the requirements of the securities regulatory authorities;

LETTER FROM THE BOARD

4. to authorize the Board and its authorized person(s) to amend, supplement, sign, submit, report and execute all agreements and documents related to the issuance of Shares to specific objects, including but not limited to the share subscription agreement and substantial contracts in the operation of the investment projects with raised funds;
5. to authorize the Board and its authorized person(s) to establish a designated account for the issuance of Shares to specific targets, particularly for the centralized deposit, management, and use of the funds raised, and to enter into a tripartite supervision agreement with the sponsor and the commercial bank storing the raised funds within one month after the funds are in place. No non-raised funds shall be deposited or used for other purposes in the designated account for funds raised;
6. to increase the registered capital of the Company, the amendment of the corresponding provisions of the Articles of Association and handle the industrial and commercial change registration and related filing procedures according to the actual results of the issuance of Shares to specific targets;
7. to authorize the Board and its authorized person(s) to handle the registration, lock-up, and listing of the issued Shares to specific targets on the Shanghai Stock Exchange and the Shanghai Branch of China Securities Depository and Clearing Corporation after the completion of the issuance;
8. in the event that the number of Shares determined through the book-building process does not reach 70% of the number of Shares proposed to be issued in the invitation documents to subscribe, to authorize the Chairman of the Board in consensus with the lead underwriter to adjust the issue price, provided that such price shall not be lower than the minimum issue price, such that the final number of Shares issued reaches 70% of the number of Shares proposed to be issued in the invitation documents to subscribe. If the effective subscription is insufficient, the additional subscription process may be initiated or the issue may be suspended;
9. to adjust the specific arrangements for the fundraising investment projects within the scope of the Shareholders' meeting resolution(s);
10. in the event of promulgation of new laws under applicable laws, regulations and/or securities regulatory authorities regarding the policy of issuing shares to specific targets, and changes in the market conditions, to authorize the adjustment of the issuance plan and the use of raised funds for the issuance of shares to specific targets and continue to handle the issuance matters (save and except for matters that require re-approval by the Shareholders' meeting according to relevant laws, regulations, and the Articles of Association) based on national regulations, requirements of relevant government departments and securities regulatory authorities (including feedback on the review of the application for the issuance of Shares to specific targets), market conditions, and the actual operating conditions of the Company;
11. to authorize the handling of other matters related to the declaration and listing of the issuance of shares to specific targets within the scope permitted by laws, regulations, relevant normative documents, and the Articles of Association;

LETTER FROM THE BOARD

12. to authorize the Board and its authorized persons to decide on whether to continue the issuance of shares to specific targets based on actual conditions in the event of any significant changes that took place in the market environment or policies and regulations; and
13. to authorize the handling of any other matters related to the issuance of shares to specific targets which had not been covered in the above authorizations no. 1 to 12.
14. The Board of Directors is authorized to delegate the exercise of the authorizations set forth in this proposal to the Chairman of the Board or a person authorized by the Chairman of the Board, provided that the authorizations set forth herein are obtained, unless otherwise provided in the relevant laws, regulations, regulatory documents and the Articles of Association of the Company.

The above authorizations shall be valid for 12 months from the date of approval by the EGM and/or the Class Meetings.

In the event one or more of the resolutions in relation to the Proposed Issuance of A Shares to Specific Target Subscribers is not approved in the EGM and/or the Class Meetings, the Proposed Issuance of A Shares to Specific Target Subscribers will be suspended temporarily until the Company convenes another extraordinary general meeting and/or class meetings to approve such resolutions. The Company will timely announce the actual and final issue price, scale of issuance, period of issuance, total amount of gross proceeds and net proceeds, and other related matter in accordance with the development of the issuance.

XVII. EGM AND/OR THE H SHARES CLASS MEETING

Resolutions in relation to, among other things, (i) the Proposed Issuance of A Shares to Specific Target Subscribers; (ii) the Proposed COSCO SHIPPING Subscription; and (iii) the Shipbuilding Contracts and the transactions contemplated thereunder will be considered by the Shareholders at the EGM and/or the Class Meetings.

A notice convening the EGM to be held at 10:00 a.m. on Friday, 11 April 2025 at 3rd Floor, Ocean Hotel, No. 1171 Dongdaming Road, Hongkou District, Shanghai, the People's Republic of China is set out on pages EGM-1 to EGM-8 of this circular. A notice convening the H Shares Class Meeting to be held at 10:00 a.m. (in the order of the EGM, A Shares Class Meeting and H Shares Class Meeting) on Friday, 11 April 2025 at 3rd Floor, Ocean Hotel, No. 1171 Dongdaming Road, Hongkou District, Shanghai, the People's Republic of China is set out on pages HCM-1 to HCM-7 of this circular.

Whether or not you are able to attend the above meetings, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event by not less than 24 hours before the time appointed for the holding of such meetings or any adjournment thereof (i) in case of H Shareholders, to the Hong Kong branch share registrar of the Company, Hong Kong Registrars Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, (ii) in case of A Shareholders, to the Office of the Board of Directors of the Company at 7th Floor, 670 Dongdaming Road, Hongkou District, Shanghai, the People's Republic of China. Completion and return of the form of proxy will not preclude you from attending and voting in person at the above meetings or at any adjournment thereof should you so wish.

LETTER FROM THE BOARD

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders to be taken at the EGM shall be taken by poll. An announcement of the poll results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

In accordance with the Listing Rules, any Shareholder who has a material interest in (i) the Proposed Issuance of A Shares to Specific Target Subscribers; (ii) the Proposed COSCO SHIPPING Subscription; and (iii) the Shipbuilding Contracts and the transactions contemplated thereunder shall abstain from voting on the corresponding resolution(s) at the EGM and/or the Class Meetings. As at the Latest Practicable Date, 676,639,159 A Shares were directly held by COSCO SHIPPING and 1,536,924,595 A Shares were held by China Shipping (a wholly-owned subsidiary of COSCO SHIPPING). Therefore, COSCO SHIPPING and its associates are entitled to exercise control over the voting rights in respect of 2,213,563,754 A Shares, representing approximately 46.40% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING, China Shipping and their respective associates and persons participating in or interested in (i) the Proposed Issuance of A Shares to Specific Target Subscribers, (ii) the Proposed COSCO SHIPPING Subscription; and (iii) the Shipbuilding Contracts and the transactions contemplated thereunder are required to abstain from voting on the corresponding resolutions to be proposed at the EGM and/or the Class Meetings.

Save for the aforesaid, to the best of the Directors' knowledge, information and belief, as at the Latest Practicable Date, no other Shareholder has a material interest in (i) the Proposed Issuance of A Shares to Specific Target Subscribers; (ii) the Proposed COSCO SHIPPING Subscription; or (iii) the Shipbuilding Contracts and the transactions contemplated thereunder and is required to abstain from voting on the approval of the relevant resolutions at the EGM or the Class Meetings.

XVIII. CLOSURE OF REGISTER OF MEMBERS

For determining the H Shareholders who are entitled to attend and vote at the EGM and the H Shares Class Meeting, the H share register of members of the Company will be closed from Tuesday, 8 April 2025 to Friday, 11 April 2025, both days inclusive, during which period no transfer of the H Shares will be effected. The H Shareholders whose names appear in the register of members of the Company on Friday, 11 April 2025 are entitled to attend and vote at the EGM and the H Shares Class Meeting. In order to qualify for the entitlement to attend and vote at the EGM and the H Shares Class Meeting, all transfer documents accompanied by relevant share certificates must be lodged with the H share registrar of the Company, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 7 April 2025.

XIX. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 42 to 43 of this circular and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 44 to 73 of this circular in connection with (i) the Proposed COSCO SHIPPING Subscription and (ii) the Shipbuilding Contracts and the transactions contemplated thereunder, and the principal factors and reasons considered by the Independent Financial Adviser in arriving at such advice.

The Independent Board Committee, having considered the terms of the COSCO SHIPPING Subscription Agreement, and the advice of the Independent Financial Adviser, are of the opinion that while (i) the Proposed COSCO SHIPPING Subscription and (ii) the Shipbuilding Contracts and the transactions contemplated thereunder are not in the ordinary and usual course of business of the Group, (i) the COSCO SHIPPING Subscription Agreement; (ii) the Proposed COSCO SHIPPING Subscription

LETTER FROM THE BOARD

contemplated thereunder; and (iii) the Shipbuilding Contracts and the transactions contemplated thereunder are entered into on normal commercial terms or better and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the corresponding resolutions to approve the COSCO SHIPPING Subscription Agreement, the Proposed COSCO SHIPPING Subscription contemplated thereunder and the Shipbuilding Contracts and the transactions contemplated thereunder.

Based on the information as set out in this circular, the Directors consider that the terms of (i) the Proposed Issuance of A Shares to Specific Target Subscribers; (ii) the Proposed COSCO SHIPPING Subscription; and (iii) the Shipbuilding Contracts and the transactions contemplated thereunder are fair and reasonable, and in the interests of the Company and its Shareholders as a whole, and recommend the Independent Shareholders to approve the relevant resolutions to be proposed at the EGM and/or the H Shares Class Meeting.

XX. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
COSCO SHIPPING Energy Transportation Co., Ltd.
Ren Yongqiang
Chairman

* *For identification purposes only*



COSCO SHIPPING ENERGY TRANSPORTATION CO., LTD.*

中遠海運能源運輸股份有限公司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1138)

25 March 2025

To the Independent Shareholders

Dear Sir or Madam,

- (1) PROPOSED ISSUANCE OF A SHARES TO SPECIFIC TARGET SUBSCRIBERS UNDER THE SPECIFIC MANDATE;**
- (2) CONNECTED TRANSACTION – PROPOSED COSCO SHIPPING SUBSCRIPTION;**
- (3) DISCLOSEABLE AND CONNECTED TRANSACTIONS – CONSTRUCTION OF SIX OIL TANKERS; AND**
- (4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular of the Company dated 25 March 2025 (the “**Circular**”) in relation to, among other things, (i) the Proposed Issuance of A Shares to Specific Target Subscribers; (ii) the Proposed COSCO SHIPPING Subscription; and (iii) the Shipbuilding Contracts and the transactions contemplated thereunder, of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

(1) THE PROPOSED ISSUANCE OF A SHARES TO SPECIFIC TARGET SUBSCRIBERS AND (2) THE PROPOSED COSCO SHIPPING SUBSCRIPTION

On 24 January 2025, the Board has approved the Proposed Issuance of A Shares to Specific Target Subscribers, pursuant to which the Company will issue a maximum of 1,431,232,918 (inclusive) A Shares (subject to adjustment) to not more than 35 (inclusive of 35) specific target subscribers, including COSCO SHIPPING, which would raise gross proceeds of not more than RMB8,000,000,000 (inclusive). On the same day, the Company and COSCO SHIPPING entered into the COSCO SHIPPING Subscription Agreement, pursuant to which COSCO SHIPPING has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue 50% of the total number of A Shares to be issued under the Proposed Issuance of A Shares to Specific Target Subscribers.

As disclosed in the Circular, since COSCO SHIPPING is an indirect controlling Shareholder of the Company and a connected person of the Company, the Proposed COSCO SHIPPING Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

* For identification purposes only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders on whether the terms of the COSCO SHIPPING Subscription Agreement are fair and reasonable for the Independent Shareholders, whether the Proposed COSCO SHIPPING Subscription are in the interests of the Company and its Shareholders as a whole, and how the Independent Shareholders should vote in respect of the resolution(s) to approve the COSCO SHIPPING Subscription Agreement and the transaction contemplated thereunder at the EGM. Goldlink Capital (Corporate Finance) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

As your Independent Board Committee, we have discussed with the management of the Company the reasons for the Proposed COSCO SHIPPING Subscription, and the terms of the COSCO SHIPPING Subscription Agreement and the basis for determining such terms. We have also considered the key factors taken into account by Goldlink Capital (Corporate Finance) Limited in arriving at its opinion as set out in the letter from 44 to 73 in the Circular, which we urge you to read carefully.

The Independent Board Committee, after taking into account, amongst other things, the advice of Goldlink Capital (Corporate Finance) Limited, considers that although the Proposed COSCO SHIPPING Subscription is not entered into in the ordinary and usual course of business of the Group, the terms and conditions of the COSCO SHIPPING Subscription Agreement are fair and reasonable, and the connected transactions contemplated thereunder are on normal commercial terms or better and are in the interests of the Company and the Shareholders (including the Independent Shareholders) as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the relevant resolutions set out in the notice of the EGM and/or the H Shares Class Meeting respectively.

(3) THE CONSTRUCTION OF SIX OIL TANKERS

We have been appointed by the Board to advise the Independent Shareholders as to whether the Shipbuilding Contracts and the transactions contemplated thereunder are entered into on normal commercial terms or better, are fair and reasonable, in the ordinary and usual course of business and in the interests of the Company and the Shareholders as a whole.

Having considered the terms of each of the Shipbuilding Contracts and the advice of the Independent Financial Adviser, despite the entering into the Shipbuilding Contracts is not in the ordinary and usual course of business of the Group, the Independent Board Committee is of the opinion that each of the Shipbuilding Contracts and the transactions contemplated thereunder are entered into on normal commercial terms or better, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favor of the relevant resolutions to be proposed at the EGM to approve the Shipbuilding Contracts and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. Victor Huang
*Independent non-
executive Director*

Mr. Li Runsheng
*Independent non-
executive Director*

Mr. Zhao Jinsong
*Independent non-
executive Director*

Mr. Wang Zuwen
*Independent non-
executive Director*

* For identification purposes only

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Goldlink Capital (Corporate Finance) Limited to the Independent Board Committee and the Independent Shareholders in respect of (i) the Proposed COSCO SHIPPING Subscription and (ii) the Shipbuilding Contracts and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.



28/F

Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

25 March 2025

*To: The Independent Board Committee and the Independent Shareholders of
COSCO SHIPPING ENERGY TRANSPORTATION CO., LTD.**

Dear Sir or Madam,

CONNECTED TRANSACTION – PROPOSED COSCO SHIPPING SUBSCRIPTION AND DISCLOSEABLE AND CONNECTED TRANSACTIONS – CONSTRUCTION OF SIX OIL TANKERS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to (i) the Proposed COSCO SHIPPING Subscription and (ii) the Shipbuilding Contracts and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 25 March 2025 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Reference is made to the announcement made by the Company dated 24 January 2025. On 24 January 2025, the Board has approved the Proposed Issuance of A Shares to Specific Target Subscribers, pursuant to which the Company will issue a maximum of 1,431,232,918 (inclusive) A Shares (subject to adjustment) to not more than 35 (inclusive of 35) specific target subscribers, including COSCO SHIPPING, with a purpose of raising gross proceeds of not more than RMB8,000,000,000 (inclusive). The aforesaid number of A Shares is the maximum number of A Shares which the Company is permitted to issue by law, and represents 30% of the total outstanding A Shares as at the Latest Practicable Date. Given that the issue price for the Issuance shall be determined on the first day of the issuance period through bidding, and must not be lower than the Base Issue Price, it is expected that the actual size of the Issuance will considerably smaller than the above maximum number of A Shares to be issued.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On the same day, as part of the Proposed Issuance of A Shares to Specific Target Subscribers, the Company and COSCO SHIPPING entered into the COSCO SHIPPING Subscription Agreement, pursuant to which COSCO SHIPPING has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue 50% of the total number of A Shares to be issued under the Proposed Issuance of A Shares to Specific Target Subscribers.

Reference is also made to the announcement of the Company dated 14 February 2025. On 14 February 2025, the Group entered into the Shipbuilding Contracts with COSCO SHIPPING Heavy Industry (Dalian) and COSCO SHIPPING Heavy Industry (Yangzhou) for the construction of six oil tankers at an aggregate consideration of RMB3,392 million.

As at the Latest Practicable Date, COSCO SHIPPING directly holds 676,639,159 A Shares and China Shipping, a wholly-owned subsidiary of COSCO SHIPPING, holds 1,536,924,595 A Shares, COSCO SHIPPING and its associates therefore control or are entitled to control the voting rights in respect of 2,213,563,754 A Shares, representing approximately 46.40% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING is an indirect controlling Shareholder of the Company and therefore a connected person of the Company. To the best of the Directors' knowledge, information and belief, COSCO SHIPPING Heavy Industry (Yangzhou) and COSCO SHIPPING Heavy Industry (Dalian) are indirect wholly-owned subsidiaries of COSCO SHIPPING and therefore are connected persons of the Company.

The Proposed COSCO SHIPPING Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. In respect of the Shipbuilding Contracts and the transactions contemplated thereunder, as one or more applicable percentage ratios calculated in accordance with the Listing Rules exceed 5% but are all less than 25%, the entering into of the Shipbuilding Contracts and the transactions contemplated thereunder constitute discloseable and connected transactions of the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules, and the announcement, Independent Shareholders' approval, circular and annual reporting requirements under Chapter 14A of the Listing Rules.

Mr. Ren Yongqiang and Mr. Zhu Maijin, being executive Directors, and Mr. Wang Shuqing, Mr. Wang Wei and Ms. Wang Songwen, being non-executive Directors, hold positions in COSCO SHIPPING and/or its subsidiaries other than the Group. Accordingly, Mr. Ren Yongqiang, Mr. Zhu Maijin, Mr. Wang Shuqing, Mr. Wang Wei and Ms. Wang Songwen have abstained from voting on the relevant Board resolutions approving the (i) Proposed Issuance of A Shares to Specific Target Subscribers; (ii) the Proposed COSCO SHIPPING Subscription and (iii) the Shipbuilding Contracts and the transactions contemplated thereunder. Save as aforementioned, none of the other Directors has a material interest in the (i) Proposed Issuance of A Shares to Specific Target Subscribers; (ii) the Proposed COSCO SHIPPING Subscription; and (iii) the Shipbuilding Contracts and the transactions contemplated thereunder and hence no other Director has abstained from voting on such Board resolutions.

The Independent Board Committee (comprising all independent non-executive Directors namely, Mr. Victor Huang, Mr. Li Runsheng, Mr. Zhao Jinsong and Mr. Wang Zuwen) has been formed to advise the Independent Shareholders in relation to (i) the Proposed COSCO SHIPPING Subscription and (ii) the Shipbuilding Contracts and the transactions contemplated thereunder, in accordance with the Listing Rules. We, Goldlink Capital (Corporate Finance) Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in these regards.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company and any other parties that could reasonably be regarded as relevant to our independence. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. During the past two years, we were appointed as an independent financial adviser for the Company on two occasions. Details of which are set out in its circular dated (i) 2 February 2024 in relation to a discloseable and connected transaction and (ii) 10 December 2024 in relation to certain continuing connected transactions. Furthermore, during the past two years, we were appointed as an independent financial adviser of COSCO SHIPPING Development Co., Ltd.* (中遠海運發展股份有限公司) (the H shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 2866) and the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601866)), a connected person of the Company, on one occasion. Details of which are set out in its circular dated 9 October 2024 in relation to discloseable and connected transactions and continuing connected transactions. Notwithstanding the above, the previous engagements with the Company and its connected persons would not affect our independence from the Company as we consider that the professional fees we received were at normal commercial terms and at insignificant sum which should not give rise to a perception that our independence would be so affected. Further, since the commencement of our work as the Independent Financial Adviser and as at the Latest Practicable Date, we (i) do not have any direct or indirect shareholdings in; (ii) are not a close associate or core connected person of; (iii) do not have any financial connections (other than with normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser and our aforementioned appointments with the Company and its connected persons) with; (iv) no other current business relationship (save for this appointment as the Independent Financial Adviser) with; (v) within 2 years prior to commencement of our work as the Independent Financial Adviser, we did not serve as a financial adviser to; and (vi) are not an auditor or reporting accountant to, (a) the Company; (b) COSCO SHIPPING or its subsidiaries and (c) any core connected person of the Company. Accordingly, we are independent of the Company pursuant to Rule 13.84 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In arriving at our recommendations, we have relied on the statements, information and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. In addition, we have reviewed, among others, the (i) Announcements; (ii) the 2023 Annual Report (as defined below); (iii) the 2024 Interim Report (as defined below); (iv) the Measures (as defined below); (v) a publication of OPEC; (vi) statistics issued by Clarkson Research Services Limited; and (vii) other information as set out in this Circular. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company for which they are solely and wholly responsible, are true and accurate at the time they were made and will continue to be accurate as at the Latest Practicable Date. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Company.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the document misleading.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any material facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group and any parties in relation to the (i) Proposed COSCO SHIPPING Subscription and (ii) the Shipbuilding Contracts and the transactions contemplated thereunder, in accordance with the Listing Rules.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of (i) the Proposed COSCO SHIPPING Subscription and (ii) the Shipbuilding Contracts and the transactions contemplated thereunder, in accordance with the Listing Rules. Except for its inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinions and recommendations, we have taken into consideration the following principal factors and reasons:

I. The Proposed COSCO SHIPPING Subscription

1. Background Information on the Parties of the COSCO SHIPPING Subscription

1.1 Background of the Group

The Company is a joint stock company established under the laws of the PRC with limited liability, the H Shares of which are listed on the Hong Kong Stock Exchange and the A Shares of which are listed on the Shanghai Stock Exchange. The Group is principally engaged in investment holding, oil shipment along the coast of the PRC and internationally, international LNG shipment, liquefied petroleum gas shipment, chemicals shipment and vessel chartering.

1.2 Financial performance of the Group

Set out below is a summary of the consolidated statements of profit or loss of the Group for each of the two years ended 31 December 2022, 2023 and the six months ended 30 June 2024, which are extracted from the Company's annual reports for the year ended 31 December 2023 (the "**2023 Annual Report**") and the Company's interim report for the six months ended 30 June 2024 (the "**2024 Interim Report**").

	Six months ended 30 June		Year ended 31 December	
	2024	2023	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(audited)	(audited)
Revenues	11,571,727	11,483,491	21,912,456	18,566,795
Operating costs	(7,801,863)	(7,465,501)	(15,417,366)	(15,157,996)
Gross profit	3,769,864	4,017,990	6,495,090	3,408,799
Profit for the year/period				
attributable to equity				
holders of the Company	2,634,620	2,894,849	3,348,717	1,460,862

For the year ended 31 December 2023 ("**FY2023**")

According to the 2023 Annual Report, revenue of the Group for the FY2023 was approximately RMB21.9 billion, representing an increase of approximately 18.0%, which was mainly due to the increase in revenue from both (i) oil shipping segment of approximately 16.5% due mainly to the increase in revenue from international oil shipping segment of approximately 22.6% to approximately RMB13.9 billion as a result of (a) the Group actively communicated with global clients to diversify client resources and the very large crude carrier (VLCC) fleet developed relationships with 6 new domestic and international clients, further expanding the Group's co-operation with leading oil companies on a larger scale and consolidating its global presence in transportation service sector; (b) vigorously expanded high-quality routes to seize cargo sources in high-yield markets; and (c)

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effectively enhanced overall fleet revenue through flexible integration of domestic and international voyages and (ii) international LNG shipping segment of approximately 38.1% to approximately RMB1.8 billion.

Profit for the year attributable to equity holders of the Company increased significantly from approximately RMB1.5 billion for the year ended 31 December 2022 to approximately RMB3.3 billion for the FY2023, which was mainly attributable to (i) the increase in revenue of approximately 18.0% as discussed above; (ii) the increase in gross profit margin by 11.2 percentage points year-on-year, mainly due to the slight decrease in oil shipping operating costs of approximately 0.3% despite the increase in revenue as a result of (a) the decrease in fuel costs of approximately 9.7% and (b) the decrease in sea crew costs of approximately 7.1%; and (iii) the increase in other income and other gains, net of approximately RMB534.8 million as a result of increase in gain on disposal of property, plant and equipment, net of approximately RMB329 million.

For the six months ended 30 June 2024 (“6M2024”)

As stated in the 2024 Interim Report, revenue of the Group for the 6M2024 amounted to approximately RMB11.6 billion which was at similar level as compared to that of approximately RMB11.5 billion for the six months ended 30 June 2023.

Profit attributable to equity holders of the Company for the 6M2024 decreased from approximately RMB2.9 billion for the six months ended 30 June 2023 to approximately RMB2.6 billion for the 6M2024. Such decrease was mainly due to (i) the decrease in gross profit from approximately RMB4.0 billion for the six months ended 30 June 2023 to approximately RMB3.8 billion for the 6M2024, due mainly to the increase in oil shipping operating costs of approximately 4.1% as a result of (a) the increase in depreciation costs of approximately 11.5% to approximately RMB1.4 billion and (b) the increase in charter costs of approximately 51.6% to approximately RMB1.2 billion; and (ii) the decrease in other income and other gains, net from approximately RMB704.2 million for the six months ended 30 June 2023 to approximately RMB238.0 million for 6M2024, as a result of the decrease in gain on disposal of property, plant and equipment, net of approximately RMB398 million.

1.3 Financial position on the Group

	As at 30 June 2024	As at 31 December 2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
Non-current assets	66,039,269	62,614,423	59,867,867
Current assets	9,367,702	9,469,189	8,382,586
Current liabilities	9,934,126	8,726,332	10,590,517
Non-current liabilities	27,050,131	26,253,957	24,089,175
Equity attributable to equity holders of the Company	35,551,335	34,391,504	31,570,671

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As at 31 December 2023, total assets of the Group amounted to approximately RMB72.1 billion, representing an increase of approximately RMB3.8 billion as compared to that as at 31 December 2022. Such increase was mainly due to the increase in non-current assets as a result of the increase in property, plant and equipment of approximately RMB2.9 billion, due mainly to the addition of construction in progress in relation to the vessels. As at 30 June 2024, total assets of the Group further increased to approximately RMB75.4 billion from approximately RMB72.1 billion as at 31 December 2023. Such increase was mainly due to the increase in non-current assets of approximately RMB3.4 billion, mainly because (i) the increase in investment in joint ventures of approximately RMB1.2 billion; and (ii) the increase in property, plant and equipment of approximately RMB1.1 billion as a result of addition of construction in progress in relation to the vessels.

As at 31 December 2023, total liabilities of the Group amounted to RMB35.0 billion as compared to approximately RMB34.7 billion as at 31 December 2022. The slight increase in total liabilities was mainly due to the increase in non-current liabilities as a result of the increase in interest-bearing bank and other borrowings of approximately RMB2.2 billion. As at 30 June 2024, total liabilities of the Group further increased to approximately RMB37.0 billion as compared to approximately RMB35.0 billion as at 31 December 2023. Such increase was mainly due to the (i) the increase in non-current liabilities as a result of the increase in interest-bearing bank and other borrowings of approximately RMB860 million and (ii) the increase in current liabilities as a result of other payables and accruals of approximately RMB1.4 billion to approximately RMB3.1 billion.

As a result of the foregoing, the total equity attributable to the equity holders of the Company as at 31 December 2023 and as at 30 June 2024 amounted to RMB34.4 billion and RMB35.6 billion, respectively.

1.4 Background information of COSCO SHIPPING

COSCO SHIPPING is a state-owned enterprise and is an indirect controlling Shareholder of the Company. COSCO SHIPPING is principally engaged in international shipping, ancillary business in international maritime transportation, import and export of goods and technologies, international freight agency business, leasing of self-owned vessels, sales of vessels, containers and steel, maritime engineering design and terminal and port investment.

2. The Proposed Issuance of A Shares and the COSCO SHIPPING Subscription Agreement

2.1 Reasons for and benefits of the Proposed Issuance of A Shares to Specific Target Subscribers and the Proposed COSCO SHIPPING Subscription

As stated in the Letter from the Board, the total proceeds raised from the Proposed Issuance of A Shares to Specific Target Subscribers shall be no more than RMB8 billion (inclusive) and will be used for (i) investment in the construction of 6 VLCCs; (ii) investment in the construction of 2 LNG carriers; and (iii) investment in the construction of 3 Aframax crude carriers. We have discussed with the management of the Company on the reasons for and benefits of the Proposed Issuance of A Shares to Specific Target Subscribers and the Proposed COSCO SHIPPING Subscription and considered the followings:

Favourable national policies supporting the development of the PRC shipping industry

As advised by the management of the Company, the shipping industry is an important tool in achieving international trade and an important foundation for

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promoting economic structural adjustment and economic globalisation of the PRC. PRC attaches great importance to the development and construction of the shipping industry. In recent years, the “14th Five-Year Plan for Water Transport Development”*《水運“十四五”發展規劃》 issued by the Ministry of Transport of the PRC pointed out, among others, that to improve the international competitiveness of the shipping fleet, optimising the scale structure of the shipping fleet, improving the technical level of ship equipment, building a shipping fleet with adaptive scale, reasonable structure, advanced technology, green and intelligent, and actively develop LNG fleets and creating a group of shipping companies with strong international competitiveness. Furthermore, the “Working Guidance For Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy”*《關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》 issued by the State Council of the PRC pointed out the comprehensive deployment to promote the realisation of carbon peak by 2030 and carbon neutrality by 2060. As advised by the management of the Company, the use of LNG is an important tool to achieve the goals of carbon peak and carbon neutrality. Therefore, the LNG transportation industry faces important development opportunities, and a good market environment provides feasibility for the Company to invest in the construction of LNG carriers.

As such, the above-mentioned encouraging national policies provide a fundamental on the development of the PRC shipping industry and hence represents as a catalyst to allow the Group to further optimise its fleet structure.

Optimistic outlook on the global demand of oil and LNG

According to the 2024 Interim Report, we note that despite the growth rate of oil consumption shows signs of slow down, global oil demand is expected to maintain a growth trend and hence the transportation demand will also increase. As advised by the management of the Company, we understand that the Group expected to further expand its operations given the optimistic outlook on the oil and LNG demand worldwide in the coming years.

We have reviewed a publication of OPEC, a permanent intergovernmental organisation of 12 oil-exporting developing nations that coordinates and unifies the petroleum policies of its member countries and ensure the stabilisation of oil markets, in September 2024, namely “World Oil Outlook 2050” (<https://publications.opec.org/woo/chapter/129/2356>) and note that oil demand is expected to grow from 102.2 million barrel per day in 2023 to 109.6 million barrel per day in 2027. In respect of LNG demand, according to the 2024 Interim Report, in the medium to long term, the outlook for LNG trade remains positive. The current global LNG production capacity is about 485.3 million tons/year, and it is expected to reach nearly 826.4 million tons/year in 2029, with an average compound annual growth rate of approximately 11%. Further, there is an increase in the number of long-distance LNG trading projects which in turn will also benefit the LNG shipping market. In addition, as stated in the Letter from the Board, the crude shipping routes across the world are undergoing remodeling and the shipment distances are extended, due to the continuing oil production cut from OPEC; and the continuing geopolitical conflicts, especially (a) between Russia and Ukraine and (b) in the Red Sea. Hence, the tanker transportation demands are growing accordingly.

In light of the aforesaid, we concur with the view of the Directors that the oil shipping market will embrace continuous prosperity cycle and hence the business operations of the Group may expand in the coming years.

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Optimising the fleet structure of the Company to maintain its competitiveness

In light of the aforementioned optimistic outlook on the global demand of oil and LNG as well as the national policies supporting the development of the PRC shipping industry, the management of the Company expect that the demand of oil and LNG transportation will grow in the coming years. In order to cope with the business development, the Company has entered into a number of contracts in relation to the construction of vessels to replace old vessels. Based on the information provided by the management of the Company and the announcements of the Company dated 12 May 2022, 25 July 2023, 31 August 2023, 29 December 2023, 13 September 2024, 22 November 2024 and 14 February 2025, the Company has entered into shipbuilding contracts for new tankers which will be delivered from 2025 to 2028 and the majority of which will be delivered in 2027. As advised by the management of the Company, the entering into of the shipbuilding contracts is in line with the fleet capacity development plan of the Group. The construction of tankers will allow the Group to optimise the structure of the tanker fleet and improve the stable profitability, thereby promoting the Group's global layout and the development of green and low-carbon shipping.

Other financing alternatives of the Company

As at 30 June 2024, the cash and cash equivalents were approximately RMB4.3 billion, which is expected to meet capital needs of regular operating cash flows of the Group. As such, the Company has considered other fund raising methods such as obtaining debt financing and conducting rights issue or public offering for the abovementioned expansion plans.

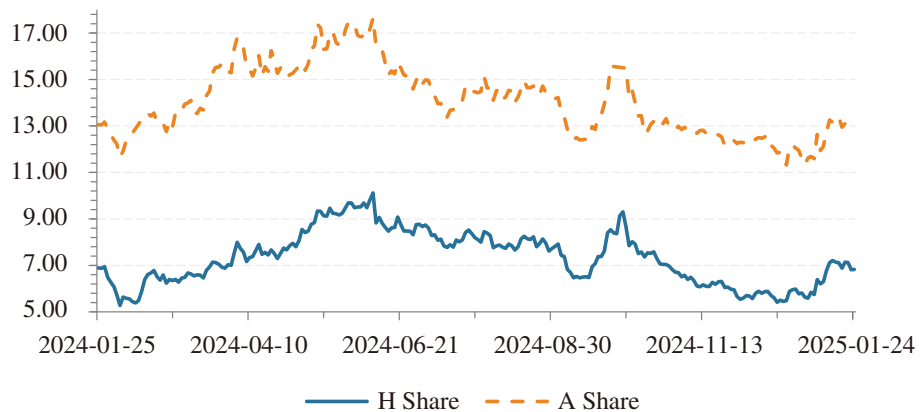
(i) Debt financing

The Group's gearing ratio, being the ratio of total debt which includes interest-bearing bank and other borrowings, other loans and lease liabilities less cash and bank over total equity, was approximately 67% as at 30 June 2024, which was slightly higher than that as at 31 December 2023 of approximately 65%. Further, as at 30 June 2024, the debt-to-asset ratio (being interest-bearing bank and other borrowings, other loans and lease liabilities less cash and bank over total assets) of the Company amounted to approximately 34.0%, represent a slight increase from that of 31 December 2023. The Directors considered that taking into account of the current gearing level of the Group, raising funds by equity financing with interest-free nature could reduce the gearing ratio as well as improve the asset-liability structure and optimise its existing liquidity and hence therefore concluded that equity financing can improve the leverage position of the Group which is more optimal to the Group as compared to debt financing. Upon the completion of the Issuance, the enlarged equity base may allow the Group to have more flexibility to accommodate more debt financing (if necessary) to support the sustainable development of the Group if opportunities arise.

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(ii) Other equity financing alternatives

The chart below illustrates a comparison between the daily closing prices of the A Share and the daily closing prices of the H Share (presented in RMB equivalent based on an exchange rate of RMB1 to HK\$1.07) from 25 January 2024 up to the date of the announcement of the Issuance (the “**Review Period**”):



Source: Wind

During the Review Period, the H Shares were traded with closing prices in the range of HK\$5.64 (or equivalent to RMB5.28) to HK\$10.83 (or equivalent to RMB10.12) per H Share and the A Shares were traded with the closing prices in the range of RMB11.32 to RMB17.64 per A Share.

As the closing prices of the H Shares was lower than that of the A Shares, if the Company conducts a fund raising exercise by issuance of new H Shares in Hong Kong with a proceed of RMB8 billion, assuming a pricing basis of not less than the average trading price of the H Shares in the 20 trading days preceding the pricing benchmark date, the number of H Shares to be issued will be substantially greater than that required for the issuance of A Shares, which will lead to a greater dilution effect to the shareholding of the existing Shareholders and will not be in the interests of the Independent Shareholders. Further, as advised by the Directors, if the Company conducts a fund raising exercise by issuing both new A Shares and new H Shares, assuming a pricing basis of not less than the average trading price of the A Share in the 20 trading days preceding the preceding the pricing benchmark date, the issue price will represent a premium over the historical trading prices of H Shares which the H Shareholders are not likely to subscribe the new H Shares.

Having considered that (i) favourable national policies supporting the development of the PRC shipping industry; (ii) optimistic outlook on the global demand of oil and LNG in coming years; (iii) the intention of the Company to optimise its fleet structure with an aim to maintain its competitiveness; (iv) equity financing can improve the leverage position of the Group as compared to debt financing; (v) the greater dilution effect to the shareholding of the existing Shareholders if the Company conducts a fund raising exercise by issuance of new H Shares in Hong Kong with a proceed of RMB8 billion with the same pricing basis as the Issuance; and (vi) the issue price represents a premium over the historical trading prices of the H Shares if the Company conducts a fund raising by issuing both new A

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Shares and new H Shares, assuming a pricing basis of not less than the average trading price of the A Share in the 20 trading days preceding the pricing benchmark date, we concur with the Directors' view that the Issuance is conducive to the comprehensive and sustainable development of the Company's business and specifically, is expected to fund the construction of 11 vessels, further expanding the Company's fleet and related scale of operation. In addition, the Proposed COSCO SHIPPING Subscription also demonstrates the confidence that COSCO SHIPPING places in the Company and COSCO SHIPPING's support to the development of the business of the Company and hence it is in the interests of the Company and the Shareholders as a whole to raise funds by the Issuance (including the Proposed COSCO SHIPPING Subscription).

2.2 *Principal terms of the Proposed Issuance of A Shares to Specific Target Subscribers and the Proposed COSCO SHIPPING Subscription*

The principal terms of the Proposed Issuance of A Shares to Specific Target Subscribers and the Proposed COSCO SHIPPING Subscription have been set out in the Letter from the Board and are summarised below.

Date: 24 January 2025

Parties: The Company (as issuer); and
COSCO SHIPPING (as the subscriber)

Number of A Shares to be issued: As at the Latest Practicable Date, the total number of issued Shares of the Company is 4,770,776,395 Shares, which comprises 3,474,776,395 A Shares and 1,296,000,000 H Shares. The number of A Shares to be issued to the specific target subscribers under the Issuance shall be not more than 30% of the total share capital of the Company prior to the Issuance, i.e. not more than 1,431,232,918 Shares (inclusive), and is subject to the number of shares ultimately approved for registration by the CSRC. The number of new A Shares to be issued shall be calculated by dividing the final total proceeds from the Issuance (not more than RMB8,000,000,000) by the A Share issue price and rounded down to the nearest integer. COSCO SHIPPING has undertaken to subscribe for 50% of the number of A Shares to be issued under the Issuance.

Without considering the impact of the issue price which can only be determined on the first day of the issuance period, the theoretical percentage of the maximum number of A Shares which the Company is permitted to issue by law under the Proposed Issuance of A Shares to Specific Target Subscribers to the total number of A Shares and the total number of Shares as at the Latest Practicable Date are 41.19% and 30.00%, respectively.

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For illustrative purposes only, the theoretical percentage of the maximum number of A Shares to be subscribed by COSCO SHIPPING under the COSCO SHIPPING Subscription Agreement to the total number of A Shares and the total number of Shares as at the Latest Practicable Date are 20.59% and 15.00%, respectively.

Nevertheless, given that the issue price shall not be lower than the Base Issue Price, the actual percentage of the A Shares to be issued to the total number of A Shares and to the total number of the Shares will be lower than the above theoretical percentages. For further details, please refer to the shareholding structure of the Company in the Letter from the Board.

Subscription price and pricing principles:

The price for the Proposed Issuance of A Shares to Specific Target Subscribers shall be determined through bidding, and the pricing benchmark date shall be the first day of the issuance period. The issue price shall be not lower than 80% of the average price at which the A Shares were traded for the 20 trading days prior to the pricing benchmark date (excluding the pricing benchmark date) and the Company's audited net assets per Share attributable to the ordinary shareholders of the listed company as at the end of the most recent period prior to the Issuance, whichever is higher (the "**Base Issue Price**").

In the event that the Company carries out ex-dividend and ex-rights activities that lead to adjustment of share price, such as distribution of dividend, bonus share issue, allotment of shares, conversion of capital reserve into share capital and others, during the 20 trading days prior to the pricing benchmark date, the trading prices of the trading days prior to such price adjustment shall be calculated according to the prices as adjusted by the relevant ex-dividend and ex-rights activities. In the event that the Company carries out ex-dividend and ex-rights activities during the period from the most recent audited balance sheet date to the Issue Date prior to the Issuance, the net assets per Share shall be adjusted accordingly.

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As disclosed in the 2023 Annual Report, as at the Latest Practicable Date, the audited net asset value per share of the Company attributable to the ordinary shareholders of the parent company as at the end of the most recent period is RMB7.21 per share. The Company distributed dividend of RMB0.35 per share for 2023 and RMB0.22 per share for 6M2024. Accordingly, the adjusted net asset value per share is RMB6.64 per share. The above information is for reference only, without taking into account the expected net profit attributable to the shareholders of the Company for the year ended 31 December 2024 of approximately RMB3.96 billion (representing RMB0.83 per Share), which was disclosed in the announcement of the Company dated 9 January 2025.

The subscription price and pricing principles of the Proposed COSCO SHIPPING Subscription are consistent with the final issue price and pricing principles for the Proposed Issuance of A Shares to Specific Target Subscribers as described above.

Lock-up period: The A Shares under the Issuance subscribed by COSCO SHIPPING shall not be transferred within 18 months from the completion of the Issuance. If the relevant securities regulatory authorities adjust their regulatory opinions or requirements regarding the lock-up period, the aforementioned lock-up periods will be adjusted accordingly in line with the policies of the securities regulatory authorities.

2.3 *Fairness and reasonableness on the key terms of the Proposed COSCO SHIPPING Subscription*

Issue price and pricing principle

On the basis of the aforementioned Base Issue Price, the final issue price of the Proposed Issuance of A Shares to Specific Target Subscribers will be determined by the Board of the Company through negotiation with the sponsor (lead underwriter) pursuant to the authorization granted by the Shareholders' Meetings based on the results of the bidding in accordance with the relevant provisions of the Measures for the Administration of Registration of Securities Issuance by Listed Companies (《上市公司證券發行註冊管理辦法》) (the “Measures”) and other relevant provisions after the Issuance has been approved by the Shanghai Stock Exchange and has obtained the approval of registration by the CSRC.

In assessing the fairness and reasonableness of the Base Issue Price, we have reviewed the Measures and understand that it stipulates that when a listed company issues shares to specific parties, the issue price shall not be lower than 80% of the average price of the company's shares in the 20 trading days before the pricing benchmark date. As such, we note that the pricing principle of the Base Issue Price is in compliance with the Measures. To further assess the fairness and reasonableness of

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the Base Issue Price, we have conducted our independent research based on comparable analysis through identifying issuances of shares to specific targets on a non-fixed price basis by companies listed on the main board of the Shanghai Stock Exchange during the period from 25 October 2024 up to and including date of the Announcement (being 24 January 2025). Based on the aforementioned criteria, we have identified an exhaustive list of 7 comparable transactions (together as the “**Comparable Issues**”) and we consider it is sufficient for the purpose of this analysis and reflects the prevailing market environment at the time of entering into the COSCO SHIPPING Subscription Agreement. We therefore consider the review period chosen, being three months period immediately prior to the date of the COSCO SHIPPING Subscription Agreement, to be fair and reasonable. Notwithstanding that the subject companies constituting the Comparable Issues may have different principal activities, market capitalisation, profitability and financial position as compared with those of the Company, we would still consider, in light of our selection criteria, capturing recent issues of shares to specific targets by listed companies on the main board of the Shanghai Stock Exchange under similar market conditions and sentiments can provide Shareholders with a broad perspective of recent market trend of transactions which are similar to that of the Issuance. Set out the table below summarised the key details of the Comparable Issues.

Company name	Stock code	Basis of the issue price	Lock-up period
Xuelong Group Co., Ltd	603949.SH	Not less than 80% of the average trading price of the shares in 20 Trading Days prior to the price benchmark date	6 months
Anhui Liuguo Chemical Co., Ltd	600470.SH	Not less than 80% of the average trading price of the shares in 20 Trading Days prior to the price benchmark date	6 – 18 months
Shandong Lukang Pharmaceutical Co., Ltd.	600789.SH	Not less than 80% of the average trading price of the shares in 20 Trading Days prior to the price benchmark date	6 – 18 months
Zhejiang Biyi Electric Appliance Co., Ltd	603215.SH	Not less than 80% of the average trading price of the shares in 20 Trading Days prior to the price benchmark date	6 months

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Company name	Stock code	Basis of the issue price	Lock-up period
Ways Electron Co., Ltd.	605218.SH	Not less than 80% of the average trading price of the shares in 20 Trading Days prior to the price benchmark date; and shall not be lower than the audited net asset value per Share for the latest period	6 months
Xiangtan Electric Manufacturing Co., Ltd	600416.SH	Not less than 80% of the average trading price of the shares in 20 Trading Days prior to the price benchmark date	6 months
Ningbo Changhong Polymer Scientific and Technical Inc	605008.SH	Not less than 80% of the average trading price of the shares in 20 trading days prior to the price benchmark date	6 months
The Company	1138.HK 600026.SH	Not lower than 80% of the average price of the Company's A Shares for the 20 trading days prior to the pricing benchmark date (excluding the pricing benchmark date); and the Company's audited net assets per Share attributable to the ordinary shareholders of the listed company as at the most recent period prior to the Issuance, whichever is higher	6 – 18 months

As set out in the table above, all the basis of the issue price of the Comparable Issues are in line with the Measures. We also noted that the Company has adopted additional pricing criteria with reference to the audited net assets per share attributable to the Shareholders for the most recent financial year of the Company, which provides further protection to the interest of the Shareholders.

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Having taking into consideration that (i) the Base Issue Price is generally in line with market practice; (ii) the pricing basis for arriving at the issue price is in compliance with the Measures; (iii) the additional pricing criteria with reference to the audited net assets per share attributable to the Shareholders for the most recent financial year of the Company is in the interest of the Company and the Independent Shareholders as a whole, we are of the view that the issue price and its pricing basis are fair and reasonable so far as the Independent Shareholders are concerned.

Lock-up period

According to the Measures, shares issued to other targets shall not be transferred within six months from the date of completion of the issuance while the lock-up period for issuance of shares to investors who obtain actual control of the listed company by subscribing to the shares shall be at least 18 months. In addition, we also noted that the adoption of “lock-up” mechanism is common amongst the Comparable Issues and the range of lock-up periods of the Comparable Issues is generally between 6 months to 18 months.

In respect of the lock-up period for the Issuance, COSCO SHIPPING is entitled to an 18 months of lock-up period while other subscribers is subject to a six months lock-up period, which is (i) in compliance with the Measures and (ii) generally in line with that of the Comparable Issues. Therefore, we are of the view that such lock-up period is fair and reasonable.

In light of the above, we are of the view that key terms of the Issuance and the Proposed COSCO SHIPPING Subscription, including the issue price and lock-up period, are fair and reasonable and in line with the general market practice.

3. *Possible Effects of the Issuance and the Proposed COSCO SHIPPING Subscription*

3.1 *Financial effects to the Group*

Based on our discussion with the management of the Company, the Issuance (including the Proposed COSCO SHIPPING Subscription) would have the following financial effects to the Group:

Net asset value

According to the 2024 Interim Report, the net assets value of the Group attributable to the owners of the Company was approximately RMB35.6 billion as at 30 June 2024. It is expected that the net asset value would increase upon completion of the Issuance as total proceeds from the Issuance (estimated to be no more than approximately RMB8 billion in cash) will bring additional funds to the Group. Assuming the total proceeds from the Issuance amounted to be RMB8 billion, the net asset value of the Group attributable to the owners of the Company would be increase to RMB43.6 billion.

Gearing

According to the 2024 Interim Report, the Group's gearing ratio, being the ratio of total debt which includes interest-bearing bank and other borrowings, other loans and lease liabilities less cash and bank over total equity, was approximately 67% as at 30 June 2024. It is expected that upon the completion of the Issuance, the equity base of the Company will be enlarged and hence the gearing ratio will be decreased and hence optimising the Company's financial structure. Assuming the total proceeds from the Issuance amounted to be RMB8 billion and immediately after the Issuance, the gearing ratio as of 30 June 2024 would be decreased to approximately 38%.

Based on the above, we concur with the Directors' view that the Issuance would not have any material adverse impact on the Group's financial position. It should be noted that the aforementioned analysis is for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon completion of the Issuance.

3.2 *Potential effect of the Public Issuance of A Shares and the Subscriptions on the shareholding structure of the Company*

As at the Latest Practicable Date, the total issued share capital of the Company is 4,770,776,395 Shares, which comprises 3,474,776,395 A Shares and 1,296,000,000 H Shares. As the shareholding structure of the Company will be impacted by the Issuance depending on the issue size, which in turn, is subject to the determination of the issue price, to fully demonstrate the potential impact of the Issuance, set out below the shareholding structure under three different possible Issuance size:

The shareholding structure of the Company (a) as at the Latest Practicable Date and (b) immediately after completion of the Proposed Issuance of A Shares to Specific Target Subscribers (assuming that (i) 1,431,232,918 A Shares, being the maximum number of A Shares up to the cap, are being issued, (ii) COSCO SHIPPING subscribes for 50% of the

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maximum number of A Shares being issued and (iii) there is no change in the total issued share capital of the Company since the Latest Practicable Date save for the issue of the A Shares pursuant to the Proposed Issuance of A Shares to Specific Target Subscribers) (the “**Scenario I**”) is set out below:

Name of Shareholder	Class of Shares	As at the Latest Practicable Date			Immediately after completion of the Proposed Issuance of A Shares to Specific Target Subscribers		
		Number of Shares	Approximate percentage of the relevant class of Shares of the Company in issue (%)	Approximate percentage of the total issued share capital of the Company (%)	Number of Shares	Approximate percentage of the relevant class of Shares of the Company in issue (%)	Approximate percentage of the total issued share capital of the Company (%)
China Shipping	A	1,536,924,595	44.23	33.22	1,536,924,595	31.33	24.78
COSCO SHIPPING	A	676,639,159	19.47	14.18	1,392,255,618	28.38	22.45
Sub-total of COSCO SHIPPING and its associates	A	2,213,163,754	63.70	46.40	2,929,180,213	59.71	47.23
Other specific target subscribers (not more than 34)	A	–	–	–	715,616,459	14.59	11.54
Other A Shareholders	A	1,261,612,641	36.30	26.44	1,261,612,641	25.71	20.34
H Shareholders	H	1,296,000,000	100.00	27.17	1,296,000,000	100.00	20.90
Sub-total of other Shareholders		2,557,212,641	–	53.60	3,272,829,100	–	52.77
Total		4,770,776,395	–	100.00	6,202,009,313	–	100.00

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The shareholding structure of the Company (a) as at the Latest Practicable Date and (b) immediately after completion of the Proposed Issuance of A Shares to Specific Target Subscribers (assuming that (i) 1,109,570,040 A Shares, which is calculated using the audited net assets per Share attributable to the ordinary shareholders of the Company as at 31 December 2023 of RMB7.21 per Share for RMB8 billion; (ii) COSCO SHIPPING subscribes for 50% of the maximum number of A Shares being issued and (iii) there is no change in the total issued share capital of the Company since the Latest Practicable Date save for the issue of the A Shares pursuant to the Proposed Issuance of A Shares to Specific Target Subscribers) (the “**Scenario II**”) is set out below:

Name of Shareholder	Class of Shares	As at the Latest Practicable Date			Immediately after completion of the Proposed Issuance of A Shares to Specific Target Subscribers		
		Number of Shares	Approximate percentage of the relevant class of Shares of the Company in issue (%)	Approximate percentage of the total issued share capital of the Company (%)	Number of Shares	Approximate percentage of the relevant class of Shares of the Company in issue (%)	Approximate percentage of the total issued share capital of the Company (%)
China Shipping	A	1,536,924,595	44.23	33.22	1,536,924,595	33.53	26.14
COSCO SHIPPING	A	676,639,159	19.47	14.18	1,231,424,179	26.86	20.94
Sub-total of COSCO SHIPPING and its associates	A	2,213,163,754	63.70	46.40	2,768,348,774	60.39	47.08
Other specific target subscribers (not more than 34)	A	–	–	–	554,785,020	12.10	9.43
Other A Shareholders	A	1,261,212,641	36.30	26.44	1,261,212,641	27.51	21.45
H Shareholders	H	1,296,000,000	100.00	27.17	1,296,000,000	100.00	22.04
Sub-total of other Shareholders		2,557,212,641	–	53.60	3,111,997,661	–	52.92
Total		4,770,776,395	–	100.00	5,880,346,435	–	100.00

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The shareholding structure of the Company (a) as at the Latest Practicable Date and (b) immediately after completion of the Proposed Issuance of A Shares to Specific Target Subscribers (assuming that (i) 880,088,008 A Shares, which is calculated using RMB9.09 per Share as the issue price, which represents 80% of the average price at which the A Shares were traded for the 20 trading days prior to Latest Practicable Date (including the Latest Practicable Date itself); (ii) COSCO SHIPPING subscribes for 50% of the maximum number of A Shares being issued and (iii) there is no change in the total issued share capital of the Company since the Latest Practicable Date save for the issue of the A Shares pursuant to the Proposed Issuance of A Shares to Specific Target Subscribers) (the “**Scenario III**”) is set out below:

Name of Shareholder	Class of Shares	As at the Latest Practicable Date			Immediately after completion of the Proposed Issuance of A Shares to Specific Target Subscribers		
		Number of Shares	Approximate percentage of the relevant class of Shares of the Company in issue (%)	Approximate percentage of the total issued share capital of the Company (%)	Number of Shares	Approximate percentage of the relevant class of Shares of the Company in issue (%)	Approximate percentage of the total issued share capital of the Company (%)
China Shipping	A	1,536,924,595	44.23	33.22	1,536,924,595	35.29	27.20
COSCO SHIPPING	A	676,639,159	19.47	14.18	1,116,683,163	25.64	19.76
Sub-total of COSCO SHIPPING and its associates	A	2,213,563,754	63.70	46.40	2,653,607,758	60.93	46.96
Other specific target subscribers (not more than 34)	A	–	–	–	440,044,004	10.10	7.79
Other A Shareholders	A	1,261,612,641	36.30	26.44	1,261,212,641	28.96	22.32
H Shareholders	H	1,296,000,000	100.00	27.17	1,296,000,000	100.00	22.93
Sub-total of other Shareholders		2,557,212,641	–	53.60	2,997,256,645	–	53.04
Total		4,770,776,395	–	100.00	5,650,864,403	–	100.00

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Upon completion of the Issuance, under (i) the Scenario I, the shareholding of the public A Shareholders will be increased from approximately 26.44% to approximately 31.88%; and the shareholding of the public H Shareholders will be decreased from approximately 27.17% to approximately 20.90%; (ii) the Scenario II, the shareholding of the public A Shareholders will be increased from approximately 26.44% to approximately 30.88%; and the shareholding of the public H Shareholders will be decreased from approximately 27.17% to approximately 22.04%; and (iii) the Scenario III, the shareholding of the public A Shareholders will be increased from approximately 26.44% to approximately 30.11%; and the shareholding of the public H Shareholders will be decreased from approximately 27.17% to approximately 22.93%. Amongst the three scenarios, Scenario I, which involves the potential issuance of the maximum number of A Shares permitted by law, represents the most conservative approach and is least likely to occur.

Although there will be dilution effect to the shareholding interest of existing public shareholders of H Shares as a result of the Issuance, having taken into account (i) the reasons for and benefits of the Issuance, the Proposed COSCO SHIPPING Subscription and proposed use of proceeds as set out in the section headed “2.1 Reasons for and benefits of the Proposed Issuance of A Shares to Specific Target Subscribers and the Proposed COSCO SHIPPING Subscription”; (ii) the alternative fund raising methods available to the Company; (iii) the fairness and reasonableness of the basis of determining the subscription price of the A Shares to be issued as set out in the section headed “2.3 Fairness and reasonableness on the key terms of the Proposed COSCO SHIPPING Subscription”; and (iv) the possible positive financial effect to the Group from the Issuance and the Proposed COSCO SHIPPING Subscription, we therefore consider that the Issuance is an appropriate means of funds raising by the Company and the shareholding dilution effects upon completion of the Issuance is acceptable so far as the Independent Shareholders are concerned.

II. The Shipbuilding Contracts and the Transactions Contemplated Thereunder

1. Background Information on the Parties of the Shipbuilding Contracts and the Transactions Contemplated Thereunder

COSCO SHIPPING Heavy Industry is a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING. It is principally engaged in the construction, repair and conversion of vessels and marine equipment and supporting services.

COSCO SHIPPING Heavy Industry (Dalian) is a company incorporated under the laws of the PRC with limited liability. It is an indirect wholly-owned subsidiary of COSCO SHIPPING Heavy Industry and is principally engaged in the construction, repair and conversion of vessels.

COSCO SHIPPING Heavy Industry (Yangzhou) is a company incorporated under the laws of the PRC with limited liability. It is a wholly-owned subsidiary of COSCO SHIPPING Heavy Industry and is principally engaged in the construction, repair and conversion of vessels.

2. *The Shipbuilding Contracts*

On 14 February 2025, the Group entered into the Shipbuilding Contracts with COSCO SHIPPING Heavy Industry (Dalian) and COSCO SHIPPING Heavy Industry (Yangzhou) for the construction of six oil tankers at an aggregate consideration of RMB3,392 million.

Pursuant to the Shipbuilding Contracts, it is agreed that (i) COSCO SHIPPING Heavy Industry (Dalian) has agreed to design, build, equip, launch and complete at the shipyard, and sell and deliver to the Company, and the Company has agreed to purchase and take delivery of two Panamax Crude Oil/Product Oil tankers; (ii) COSCO SHIPPING Heavy Industry (Yangzhou) has agreed to design, build, equip, launch and complete at the shipyard, and sell and deliver to COSCO SHIPPING Energy Transportation (Hainan), and COSCO SHIPPING Energy Transportation (Hainan) has agreed to purchase and take delivery of two Aframax Methanol Dual Fuel crude oil tankers; and (iii) COSCO SHIPPING Heavy Industry (Yangzhou) has agreed to design, build, equip, launch and complete at the shipyard, and sell and deliver to COSCO SHIPPING Energy Transportation (Hainan), and COSCO SHIPPING Energy Transportation (Hainan) has agreed to purchase and take delivery of two LR2 Methanol Dual Fuel crude oil/product oil tankers.

2.1 *Reasons for and benefits of entering into of the Shipbuilding Contracts*

We have discussed with the management of the Company on the reasons for and benefits of entering into of the Shipbuilding Contracts and considered the followings:

Optimising the fleet structure in accordance to its fleet development plan in light of the optimistic outlook of oil transportation business

As discussed in the paragraph headed “I. The Proposed COSCO SHIPPING Subscription – 2.1 Reasons for and benefits of the Proposed Issuance of A Shares to Specific Target Subscribers and the Proposed COSCO SHIPPING Subscription” above, global oil demand is expected to maintain a growth trend and the crude shipping routes across the world are undergoing remodeling and the shipment distances are extended, due to the continuing oil production cut from OPEC; and the continuing geopolitical conflicts, especially (a) between Russia and Ukraine and (b) in the Red Sea. Hence, the tanker transportation demands are growing accordingly. As such, the Directors consider that the oil shipping market will embrace continuous prosperity cycle and hence the business operations of the Group may expand in the coming years.

As advised by the management of the Company, in light of the prosperous oil shipping market in the coming market, the Company has compiled a five-year fleet rolling development plan in 2024, where the Company identified Aframax/LR2 tankers as one of the key tanker types for the development of international market with an intention to form scale advantages and comply with the strategic development needs of the international market given that crude shipping routes across the world are undergoing remodeling and the shipment distances are extended as mentioned above. In order to capture this market opportunities, it is the Company’s intention to increase the fleet of Aframax/LR2 tankers from 17 tankers to more than 30 tankers.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Maintaining domestic oil shipping market share and leader position

Based on our discussion with the management of the Company, we understand that during the 14th Five-Year Plan period, the Company's domestic market tanker fleet will continue to update its capacity as well as its age structure in accordance to the policy requirements, market and customer needs. In respect of the domestic crude oil transportation market, the Company has 35 tankers in operations, who ranks first with a capacity scale accounting for about 50% of the total market capacity and a market share of about 56%. Nonetheless, the overall average age of the fleet is relatively high which is about 16.5 years on average, in particular 11 Panamax tankers in its own fleet will reach 20 years of age by the end of 2027. In addition, the Group's domestic customers require higher safety standard for oil tankers which includes more stringent requirements on the age and conditions of oil tankers which may affect the demand of the Group's oil tankers and hence may bring challenges to the Group on maintaining its domestic oil shipping market share and leading position. As such, the Directors consider that it is necessary to commence the renewal domestic oil shipping tankers in batches.

Promoting the development of green and low carbon shipping

As advised by the management of the Company, in order to achieve the goals of carbon peak and carbon neutrality, it is of paramount importance to accelerate the decarbonisation process of both domestic and international oil shipping. As such, it is necessary to take active measures to accelerate the transformation of the fleet's energy structure by retiring old ships which do not meet requirement of low carbon and zero-carbon energy consumption. Based on our review on the Shipbuilding Contracts, we note that the Aframax and LR2 tankers are methanol dual fuel tankers while the Panamax crude oil tankers are methanol fuel (ready) crude oil/product oil tankers. The management of the Company is of the view that such type of tankers under the Shipbuilding Contracts is able to promote the optimisation and adjustment of the fleet structure to a green and low-carbon direction.

Despite the above advantages in relation to the transactions contemplated under the Shipbuilding Contracts, the Company anticipates that, following the delivery of the tankers under the Shipbuilding Contracts, the Group's fixed assets will increase while current assets will decrease and long term liabilities will increase depending on the proportion of the contract price funded from internal resources and external finance. Nonetheless, we concur with the view of the Directors that the entering into of Shipbuilding Contracts is an important measure for the Company to implement its fleet development plan which is conducive to serve China's domestic and foreign trade dual circulation and the tanker fleet's continuous improvement of its energy transportation security capabilities. We therefore are of the view that although the entering into of the Shipbuilding Contracts is not in the ordinary course of business of the Group, it is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2.2 *Key terms of the Shipbuilding Contracts*

Shipbuilding Contract for Panamax Crude Oil/Product Oil Tankers

Date: 14 February 2025

Parties: (1) The Company (as the buyer);
(2) COSCO SHIPPING Heavy Industry (Dalian) (as the builder and seller)

Subject matter: Pursuant to the Shipbuilding Contracts for Panamax Crude Oil/Product Oil Tankers are set out below, COSCO SHIPPING Heavy Industry (Dalian) has agreed to design, build, launch, equip and complete at the shipyard, and sell and deliver to the Company, and the Company has agreed to purchase and take delivery of the tankers.

The tankers: The tankers are two Panamax Methanol Fuel (Ready) crude oil/product oil tankers with a guaranteed deadweight of 74,000 DWT at structural draught each.

Consideration and payment terms: Pursuant to the Shipbuilding Contracts for Panamax Crude Oil/Product Oil Tankers, the consideration for each of the tankers is RMB456 million, and the aggregate consideration for the two tankers is RMB912 million.

The consideration (being the tanker price of the tanker) is payable by the Company to COSCO SHIPPING Heavy Industry (Dalian) in five instalments of 20%, 10%, 10%, 10% and 50%, based on the shipbuilding progress.

The consideration for each tanker may be adjusted based on (i) the construction elements of the relevant oil tanker, being its speed, deadweight tonnage and fuel consumption rate, (for the speed and deadweight tonnage) falling below or (for fuel consumption rate) exceeding certain agreed benchmarks as stipulated in the shipbuilding contract; or (ii) the delay in delivery of the relevant oil tanker exceeding certain agreed time limits as stipulated in the shipbuilding contract. The above adjustments shall be made together with the fifth instalment payment. The consideration for each tanker is not subject to any upward adjustment mechanism pursuant to the Shipbuilding Contracts for Panamax Crude Oil/Product Oil Tankers.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Shipbuilding Contract for Aframax Crude Oil Tankers

Date:	14 February 2025
Parties:	(1) COSCO SHIPPING Energy Transportation (Hainan) (as the buyer); (2) COSCO SHIPPING Heavy Industry (Yangzhou) (as the builder and seller)
Subject matter:	Pursuant to the Shipbuilding Contracts for Aframax Crude Oil Tankers, COSCO SHIPPING Heavy Industry (Yangzhou) has agreed to design, build, launch, equip and complete at the shipyard, and sell and deliver to COSCO SHIPPING Energy Transportation (Hainan), and COSCO SHIPPING Energy Transportation (Hainan) has agreed to purchase and take delivery of the tankers.
The tankers:	The tankers are two Aframax Methanol Dual Fuel crude oil tankers with a guaranteed deadweight of 114,200 DWT at structural draught each.
Consideration and payment terms:	Pursuant to the Shipbuilding Contracts for Aframax Crude Oil Tankers, the consideration for each of the tankers is RMB610 million, and the aggregate consideration for the two tankers is RMB1,220 million. The consideration is payable by COSCO SHIPPING Energy Transportation (Hainan) to COSCO SHIPPING Heavy Industry (Yangzhou) in five instalments of 20%, 10%, 10%, 10% and 50%, respectively based on the shipbuilding progress. The consideration for each tanker may be adjusted based on (i) the construction elements of the relevant oil tanker, being its speed, deadweight tonnage and fuel consumption rate, (for the speed and deadweight tonnage) falling below or (for fuel consumption rate) exceeding certain agreed benchmarks as stipulated in the shipbuilding contract; or (ii) the delay in delivery of the relevant oil tanker exceeding certain agreed time limits as stipulated in the shipbuilding contract. The above adjustments shall be made together with the fifth instalment payment. The consideration for each tanker is not subject to any upward adjustment mechanism pursuant to the Shipbuilding Contracts for Aframax Crude Oil Tankers.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Shipbuilding Contract for LR2 Crude Oil/Product Oil Tankers

Date: 14 February 2025

Parties: (1) COSCO SHIPPING Energy Transportation (Hainan)
(as the buyer);
(2) COSCO SHIPPING Heavy Industry (Yangzhou) (as
the builder and seller)

Subject matter: Pursuant to the Shipbuilding Contracts for LR2 Crude Oil/Product Oil Tankers, COSCO SHIPPING Heavy Industry (Yangzhou) has agreed to design, build, launch, equip and complete at the shipyard, and sell and deliver to COSCO SHIPPING Energy Transportation (Hainan), and COSCO SHIPPING Energy Transportation (Hainan) has agreed to purchase and take delivery of the tankers.

The tankers: The tankers are two LR2 Methanol Dual Fuel crude oil/product oil tankers with a guaranteed deadweight of 109,900 DWT at structural draught each.

Consideration and payment terms: Pursuant to the Shipbuilding Contracts for LR2 Crude Oil/Product Oil Tankers, the consideration for each of the tankers is RMB630 million, and the aggregate consideration for the two tankers is RMB1,260 million.

The consideration is payable by COSCO SHIPPING Energy Transportation (Dalian Hainan) to COSCO SHIPPING Heavy Industry (Yangzhou) in five instalments of 20%, 10%, 10%, 10% and 50%, respectively based on the shipbuilding progress.

The consideration for each tanker may be adjusted based on (i) the construction elements of the relevant oil tanker, being its speed, deadweight tonnage and fuel consumption rate, (for the speed and deadweight tonnage) falling below or (for fuel consumption rate) exceeding certain agreed benchmarks as stipulated in the shipbuilding contract; or (ii) the delay in delivery of the relevant oil tanker exceeding certain agreed time limits as stipulated in the shipbuilding contract. The above adjustments shall be made together with the fifth instalment payment. The consideration for each tanker is not subject to any upward adjustment mechanism pursuant to the Shipbuilding Contracts for LR2 Crude Oil/Product Oil Tankers.

2.3 *Fairness and reasonableness on the key terms of the Shipbuilding Contracts*

Contract price of the Shipbuilding Contracts

As stated in the Letter from the Board, in respect of the Shipbuilding Contracts for Panamax Crude Oil/Product Oil Tankers, the consideration was determined after arm's length negotiations between the Company and COSCO SHIPPING Heavy Industry (Dalian) with reference to the market price for the construction of the same specifications of the oil tankers by 2 independent ship builders in the market and COSCO SHIPPING Heavy Industry (Dalian) respectively.

In respect of the Shipbuilding Contracts for Aframax Crude Oil Tankers, the consideration was determined after arm's length negotiations between COSCO SHIPPING Energy Transportation (Hainan) and COSCO SHIPPING Heavy Industry (Yangzhou) with reference to the market price for the construction of the same specifications of the oil tankers by 3 independent ship builders in the market and COSCO SHIPPING Heavy Industry (Yangzhou) respectively.

In respect of the Shipbuilding Contracts for LR2 Crude Oil/Product Oil Tankers, the consideration was determined after arm's length negotiations between COSCO SHIPPING Energy Transportation (Hainan) and COSCO SHIPPING Heavy Industry (Yangzhou) with reference to the market price for the construction of the same specifications of the oil tankers by 3 independent ship builders in the market and COSCO SHIPPING Heavy Industry (Yangzhou) respectively.

In order to assess the fairness and reasonableness of the consideration as stipulated under the Shipbuilding Contracts, we have discussed with the management of the Company and note that the Company has obtained the quotations from a number of independent ship builders on the same specifications of each type of vessel to be constructed under the Shipbuilding Contracts.

In respect of the Panamax Crude Oil/Product Oil Tankers, we understand that the Group has obtained quotations on the same specifications from COSCO SHIPPING Heavy Industry (Dalian) and 2 independent ship builders, respectively (the "**Panamax Comparables**"). Based on the information provided by the management of the Company, the quotations of the Panamax Comparables ranged from approximately US\$58.5 million to US\$61.0 million (equivalent to ranging from approximately RMB472 million to RMB492 million, VAT of 13% inclusive and assuming at exchange rate of US\$1:RMB7.1399). We note that the final quotation from COSCO SHIPPING Heavy Industry (Dalian) is RMB456 million each (VAT inclusive), which is the lowest among the Panamax Comparables. Accordingly, the final quotation from COSCO SHIPPING Heavy Industry (Dalian) is more favourable than that of the Panamax Comparables.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In respect of the Aframax Crude Oil/Product Oil Tankers, we understand that the Group has obtained quotations on the same specifications from COSCO SHIPPING Heavy Industry (Yangzhou) and 3 independent ship builders, respectively (the “**Aframax Comparables**”). Based on the information provided by the management of the Company, the quotations of the Aframax Comparables ranged from US\$82.3 million to US\$87.5 million (equivalent to ranging from approximately RMB664 million to RMB706 million, VAT of 13% inclusive and assuming at exchange rate of US\$1:RMB7.1399). We note that final quotation from COSCO SHIPPING Heavy Industry (Yangzhou) is RMB610 million each (VAT inclusive), which is the lowest among the Aframax Comparables. Accordingly, the final quotation from COSCO SHIPPING Heavy Industry (Yangzhou) is more favourable than that of the Aframax Comparables.

In respect of the LR2 Crude Oil/Product Oil Tankers, we understand that the Group has obtained quotations on the same specifications from COSCO SHIPPING Heavy Industry (Yangzhou) and 3 independent ship builders, respectively (the “**LR2 Comparables**”). Based on the information provided by the management of the Company, the quotations of the LR2 Comparables ranged from US\$83.9 million to US\$89.5 million (equivalent to ranging from approximately RMB677 million to RMB722 million, VAT of 13% inclusive and assuming at exchange rate of US\$1:RMB7.1399). We note that the final quotation from COSCO SHIPPING Heavy Industry (Yangzhou) is RMB630 million each (VAT inclusive), which is the lowest among the LR2 Comparables. Accordingly, the final quotation from COSCO SHIPPING Heavy Industry (Yangzhou) is more favourable than that of the LR2 Comparables.

We understand that the Panamax Comparables, the Aframax Comparables and the LR2 Comparables (collectively, the “**Shipbuilding Comparables**”) are ultimately owned by a state-owned enterprise which is a shipbuilding conglomerate in the PRC. According to the website of that state-owned enterprise, it is the largest shipbuilder in the world. Further, based on the statistics as compiled by Clarkson Research Services Limited, a research arm of Clarkson PLC which is an international provider of integrated shipping services, in 2024, the state-owned enterprise ranked first in terms of shipbuilders by orderbook. As at December 2024, the orderbook on hand amounted to 78,254,000 DWT which is two times higher than that of the COSCO SHIPPING Heavy Industry. Given its shipbuilding leader position in the globe and the wide operating arms through a number of entities as shipbuilders, it is inevitable that the Group sources quotations from leading shipbuilders who are ultimately owned by that state-owned enterprise. Despite so, we note the Shipbuilding Comparables are different companies which is considered to operate independently in providing quotations to the Group based on their own cost structures and target profit margins. As such, we consider that the quotations obtained from the Shipbuilding Comparables are fair representations of the market prices and they are appropriate references in assessing fairness and reasonableness of the consideration as stipulated under the Shipbuilding Contracts.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Price adjustment mechanism

Besides, we note that a price adjustment mechanism is included in the Shipbuilding Contracts and the consideration for each tanker may be adjusted based on (i) the construction elements of the relevant oil tanker, being its speed, deadweight tonnage and fuel consumption rate, (for the speed and deadweight tonnage) falling below or (for fuel consumption rate) exceeding certain agreed benchmarks as stipulated in the relevant shipbuilding contract; or (ii) the delay in delivery of the relevant oil tanker exceeding certain agreed time limits as stipulated in the relevant shipbuilding contract. The above adjustments shall be made together with the fifth instalment payment. As such, the price adjustment mechanism is included with an intention to protect the Group from overpaying should the specifications of the tankers fall short of the requirements as stipulated in the Shipbuilding Contracts. In addition, we are given to understand from the management of the Company that the Group, between January 2024 and February 2025, has entered into two shipbuilding contracts with independent third parties shipbuilders. For further details of the aforesaid transactions, please refer to the announcement of the Company dated 13 September 2024 and 22 November 2024, respectively. As such, we have obtained and reviewed the relevant price adjustment mechanisms as stipulated in those two shipbuilding contracts and note that the terms of which are comparable to that of the Shipbuilding Contracts. We therefore consider that our independent work done on the price adjustment mechanism is fair and representative given that we have reviewed all the relevant price adjustment mechanisms as stipulated in those two shipbuilding contracts that are recently entered into between the Group and the independent third parties, which are exhaustive. As such, we concur with the view of the Directors that the inclusion of such adjustment mechanism in the Shipbuilding Contracts is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Payment schedule

In addition, we understand that the contract price under the Shipbuilding Contracts shall be payable in five instalments in different proportions ranging from 10% to 50%. We have reviewed the quotations from each of the Shipbuilding Comparables and we note that the proposed payment terms thereunder are also similar to that of the relevant Shipbuilding Contracts (i.e. payable in five instalments in different proportions ranging from 10% to 40%). As such, we concur with the view of the Directors that the payment structure in the Shipbuilding Contracts is an industry norm and hence is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

After taking into the consideration of the above, we concur with the view of the Directors that the terms of the transactions contemplated under the Shipbuilding Contracts are on normal commercial terms or better, and is fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having taken into account the above-mentioned principal factors and reasons, we are of the view that although (i) the Proposed COSCO SHIPPING Subscription and (ii) the entering into of the Shipbuilding Contracts are not in the ordinary and usual course of business of the Group, they are in the interests on the Company and the Shareholders as a whole, and the terms of (i) the COSCO SHIPPING Subscription Agreement and (ii) the terms of the transactions contemplated under the Shipbuilding Contracts are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary and special resolutions to be proposed at the EGM and the H Share class meeting to approve (i) the Proposed COSCO SHIPPING Subscription and (ii) the transactions contemplated under the Shipbuilding Contracts.

Yours faithfully,
For and on behalf of
Goldlink Capital (Corporate Finance) Limited
Vincent Cheung
Managing Director

Mr. Vincent Cheung is a licensed person registered with the Securities and Futures Commission and regarded as a responsible officer of Goldlink Capital (Corporate Finance) Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has more than 15 years of experience in corporate finance industry.

* *for identification purposes only*

The Feasibility Analysis Report on the Use of Proceeds from Issuance of A Shares to Specific Target Subscribers in 2025 by the Company is written in Chinese, with no official English translation. The English translation is provided for reference only. In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail. The full version of the Feasibility Analysis Report on the Use of Proceeds from Issuance of A Shares to Specific Target Subscribers in 2025 is as follows:

The Company intends to raise proceeds through issuance of A Shares to specific target subscribers. The proceeds from the Issuance will be invested in building 6 VLCCs, 2 LNG carriers and 3 Aframax crude carriers. The investment projects to be financed by the proceeds from the Issuance can help the Company capitalize on industry development trends, improve the aging structure and expand the LNG shipping capacity, thereby further reinforcing both domestic and overseas oil shipping strengths.

The Company has prepared the Feasibility Analysis Report on the Use of Proceeds from Issuance of A Shares to Specific Target Subscribers in 2025. Unless otherwise specified, the relevant terms used herein shall have the same meaning as those defined in the Proposal of Issuance of A Shares to Specific Target Subscribers in 2025 by COSCO SHIPPING Energy Transportation Co., Ltd. (《中遠海運能源運輸股份有限公司2025年度向特定對象發行A股股票預案》).

I. INTENDED USE OF PROCEEDS

The total proceeds from issuance of shares to specific target subscribers shall not exceed RMB8,000 million (inclusive), and the net proceeds will be invested in the following projects after deducting the relevant cost of issuance:

Unit: RMB0,000

NO.	Name of investment project	Amount of	
		Total amount of investment	proceeds to be invested in the project
1	Investment in the construction of 6 VLCCs	574,800.00	459,840.00
2	Investment in the construction of 2 LNG carriers	343,341.86	274,673.49
3	Investment in the construction of 3 Aframax crude carriers	173,700.00	65,486.51
Total		1,091,841.86	800,000.00

Note 1: The vessel price for “Investment in the construction of 2 LNG carriers” amounted to USD477,600,000 (approximately RMB3,433,418,640). The exchange rate at which USD amounts are converted into RMB amounts is based on the median price of the exchange rate of USD against RMB announced by the People’s Bank of China on 17 January 2025: USD1 = RMB7.1889;

Note 2: Total amount of investment refers to the contracted vessel price;

Note 3: The “RMB0,000” above refers to RMB10,000, same as below.

Before receiving the proceeds from issuance of shares to specific target subscribers, the Company will, depending on the actual progress of the projects, finance these projects by its own or self-raised fund which shall be replaced once the proceeds have been received according to procedures required by relevant legal regulations.

When the proceeds from issuance of shares to specific target subscribers have been fully received, but the net proceeds are less than the aggregate amount of the proceeds proposed to be invested in the aforementioned projects, the Company will adjust and eventually decide the specific projects to be invested in, the priorities of and the specific investment amount of each project in compliance with relevant laws and regulations and within the scope of investment projects to be financed by the proceeds from the Issuance ultimately determined, by considering the specific implementation progress of such projects, and will make up for the shortfall through its own or self- raised fund.

II. BASIS INFORMATION OF THE PROJECTS TO BE FINANCED BY THE PROCEEDS

(I) Investment in the Construction of 6 VLCCs

1. *Basic information of the project*

To optimize the vessel structure, improve operational management efficiency of the Company, and further enhance the comprehensive competitiveness of the fleet, the Company intends to allocate partially proceeds from the Issuance of RMB4,598.4 million to its wholly-owned subsidiary Hainan Energy for the investment in the construction of 6 VLCCs. The investment in the construction of the aforesaid 6 VLCCs has been approved at the 13th meeting of the Board of the Company in 2024, with no need to submit to the general meeting for consideration.

The investment in the construction of 6 VLCCs as mentioned above does not require any environmental assessment and approval from the environmental protection authorities.

2. *Necessity analysis of the project*

(1) *Growing importance of global oil shipping trade, expanding fleet size to secure global energy shipping*

In recent years, a series of geopolitical events, such as the Russia-Ukraine conflict and the Red Sea crisis, directly impacted the global oil trading landscape. Given the sanction of the European Union over Russian oil and the heavy damage to certain energy transportation channels, oil transportation which used to be transported through onshore pipelines has been replaced by shipping transportation, and the shipping distance and demands for global oil transportation have significantly improved, the significance of oil shipping trade has thereby further strengthened.

The Company has cultivated in the oil shipping industry for many years. It is the world's largest oil tanker owner in terms of fleet size, and is an important participant in global oil shipping trade. Such investment in the construction of VLCCs is conducive to reinforcing the Company's overseas oil transport capacity and to securing global energy shipping.

- (2) *Rapid improvement of supply and demand in global oil transport industry, expanding fleet size to grasp the historic development opportunity*

Under the background of the production cuts maintained by OPEC countries and the increasing output of American countries including Brazil and Guyana, main sources of crude oil around the world shows an ongoing tendency of moving westwards. While global oil consumption increment will mainly come from China and India, the oil shipping distance will become longer and the tanker transport demand will also be improved.

In respect of capacity supply, Clarksons states in a report that the global supply of crude carriers is expected to grow by approximately 1.2% in 2025 and the capacity of oil tankers is expected to swell by approximately 5.6%, indicating sound supply-demand fundamentals. While affected by multiple factors, such as the aging of vessels commonly seen around the world, the temporary capacity shortage of shipyards and the persistent promotion of environmental policies, the supply side of shipping capacity sees a tension that the increasing capacity fails to counterweigh the aging effect, and the oil shipping market will embrace continuous prosperity cycle under the support of the aforesaid fundamental factors.

The Company needs to grasp this historic industry development opportunity, expand tanker transport capacity, maintain its leading position in the global oil shipping market and further enhance the overall profitability of the Company's tanker fleet.

3. *Analysis of economic benefits*

It is anticipated that the investment in the construction of 6 VLCCs will enjoy good economic benefits. Upon receipt of these benefits from investment projects, the operation scale and profitability of the Company will be further enhanced, and its comprehensive strength and competitiveness will be further strengthened, which are beneficial to the Company's sustainable and healthy development and bound to provide returns to the Company's Shareholders.

(II) **Investment in the Construction of 2 LNG Carriers**

1. *Basic information of the project*

To further expand the Company's leading advantages in the LNG market, upon consideration and approval of the Proposal on New Construction of 2 LNG Vessels of 175,000 Cubic Meters by COSCO SHIPPING LNG (Shanghai) at the ninth meeting of the Board of Company in 2024, Future Prosperity LNG Shipping Co., Ltd.* (遠興液化天然氣運輸有限公司) and Future Reliance LNG Shipping Co., Ltd.* (遠致液化天然氣運輸有限公司) were newly established in Hong Kong, the PRC by COSCO SHIPPING LNG (Shanghai), a wholly-owned subsidiary of the Company, through its wholly-owned subsidiary Future Ocean LNG Investment Co., Ltd.* (遠海液化天然氣投資有限公司). Both companies invested in Dalian Shipbuilding Industry Group Co., Ltd.* (大連船舶重工集團有限公司) for the construction of 2 LNG vessels of 175,000 cubic meters with a total investment in the

project of approximately RMB3,433.4186 million, and the amount of proceeds to be used in the project is RMB2,746.7349 million.

The investment in the construction of 2 LNG carriers as mentioned above does not require any environmental assessment and approval from the environmental protection authorities.

2. *Necessity analysis of the project*

(1) *Actively respond to the call for the national carbon peaking and carbon neutrality (雙碳) goals and promote the development of LNG clean energy*

In 2020, China set the carbon peaking and carbon neutrality goals by vigorously promoting the use of clean energy, and the energy structure transformation is accelerating. Natural gas, with its prominent advantages of being low-carbon, environmentally-friendly, clean and highly efficient, is one of the critical energy sources required for China to achieve the carbon peaking and carbon neutrality goals.

With the increasing maturity of LNG shipping technology and management expertise, natural gas transportation has shown a clear trend of declining pipeline transportation and rising seaborne LNG transportation in the past decade, and the LNG transportation industry has entered a period of rapid development and stable income with broad development potential. Therefore, building a strong LNG shipping team is conducive to achieving the carbon peaking and carbon neutrality goals.

(2) *Expand the LNG fleet and strengthen the Company's core competitiveness*

As of 31 December 2024, the Company has invested in 87 LNG carriers with a relatively stable income. In recent years, as the LNG carriers, for which the Company is involved in investment and construction, are put into operation, the Company's LNG transportation business has entered the harvest period.

Currently, the LNG shipping market is highly competitive. In order to improve the Company's operational flexibility and the core competitiveness of its LNG shipping segment, the Company is exploring new business models as appropriate while further developing and investing in the LNG shipping business.

3. *Analysis of economic benefits*

It is anticipated that the investment in the construction of 2 LNG carriers will enjoy good economic benefits. Upon receipt of these benefits from investment projects, the operation scale and profitability of the Company will be further enhanced, and its comprehensive strength and competitiveness will be further strengthened, which are beneficial to the Company's sustainable and healthy development and bound to provide returns to the Company's Shareholders.

(III) Investment in the Construction of 3 Aframax Crude Carriers**1. Basic information of the project**

The Company intends to allocate partially proceeds from the Issuance of RMB654.8651 million for investment in the construction of 3 Aframax crude carriers of 114,200 tons. The project is carried out by Hainan Energy, a wholly-owned subsidiary of the Company. The shipbuilding contract was signed between the implementer and COSCO SHIPPING Heavy Industry (Yangzhou) Co., Ltd.* (揚州中遠海運重工有限公司), the builder. The investment in the construction of the abovementioned 3 Aframax crude carriers has been considered and approved at the first specialized meeting of the independent Directors in 2023, the tenth meeting of the Board in 2023 and the first extraordinary general meeting in 2024.

The investment in the construction of 3 Aframax crude carriers as mentioned above does not require any environmental assessment and approval from the environmental protection authorities.

2. Necessity analysis of the project**(1) Consolidate the leading position in the oil shipment industry and strengthen the Company's profitability**

During the implementation of the 14th Five-Year Plan, the domestic crude shipping demands demonstrated a general trend of increase. A crude shipping pattern dominated by transportation of offshore oil and transshipment oil has been gradually developed. Currently, the Company maintains a leading position in the domestic crude shipping market in terms of domestic oil shipment.

The domestic oil shipping business serves as the Company's benefit stabilizer and ballast. As large domestic cargo owners raised their requirements for the safety and reliability of tankers, some vessels which do not meet the latest environmental standards in light of their relative old age will be hardly acceptable and recognizable by the market. To consolidate the leading position of the Company in the domestic crude oil shipping field, the investment in the construction of 3 Aframax crude carriers can immediately update our shipping capacity and is conducive to maintain the market recognition of the Company's domestic tanker fleet and to further strengthen the overall profitability of the Company's tanker fleet.

(2) Deploy eco-friendly ships to comply with the necessary development of green and low-carbon shipping

Under the guidance of the carbon peaking and carbon neutrality goals, the relevant national departments have set phased requirements for the proportion, turnover, and fuel consumption per unit of transportation vehicles powered by renewable and clean energy. In this regard, the Company is urgently needed to lay out a look-forward technology foundation for transforming into new energy power in the future and actively invest in the construction of eco-friendly ships while balancing

the actual operation situation of domestic oil shipment with the green and low-carbon-oriented transformation requirements of the fleets.

The investment in the construction of 3 Aframax crude carriers produces methanol-based dual fuel crude oil tankers which are in line with the green and low-carbon requirements for domestic shipping vessels. It is material for promoting vessels transforming into new energy power, complying with the necessary development of green and low-carbon shipping.

(3) Optimize the aging structure to improve the core competitiveness of the fleet

As of 31 December 2024, the average age of the Company's self-owned tankers is approximately 12.9 years. Meanwhile, the Company has disposed of several old tankers over recent years. To maintain the tanker fleet size and consolidate the customer service capacity and market competitiveness, the Company needs to update its shipping capacity and optimize the aging structure of tankers immediately so as to achieve the sustainable development of the Company's tanker fleet.

3. Analysis of economic benefits

It is anticipated that the investment in the construction of 3 Aframax crude carriers will enjoy good economic benefits. Upon receipt of these benefits from investment projects, the operation scale and profitability of the Company will be further enhanced, and its comprehensive strength and competitiveness will be further strengthened, which are beneficial to the Company's sustainable and healthy development and bound to provide returns to the Company's Shareholders.

III. FEASIBILITY ANALYSIS ON THE USE OF THE PROCEEDS

(I) Development of the Shipping Industry Is Firmly Underpinned by National Policies

The shipping industry represents an important safeguard for international trade and a crucial foundation for promoting economic restructuring and globalization. China attaches great importance to the development and construction of the shipping industry. The Guiding Opinions on Vigorously Promoting the High-Quality Development of the Maritime Shipping Industry (《關於大力推進海運業高質量發展的指導意見》) issued by the Ministry of Transport and other ministries and commissions states that “it is necessary to further optimize the scale and structure of the maritime shipping fleets, upgrade the equipment and technology of the vessels, and build maritime shipping fleets with appropriate scale, reasonable structure, advanced technology and eco-friendly and intelligent features. China will actively develop its liquefied natural gas (“LNG”) fleets and oil tanker fleets and further enhance the international competitiveness of its fleets for container, crude oil, dry bulk cargo and specialized transportation”. The Development Plan for Water Transportation Under the 14th Five-Year Plan (水運「十四五」發展規劃) issued by the Ministry of Transport in recent years states that “it is necessary to enhance the international competitiveness of the maritime shipping fleets, optimize the scale and structure of the maritime shipping fleets, upgrade the equipment and technology of the vessels, and build maritime shipping fleets with appropriate scale, reasonable structure, advanced technology and eco-friendly and intelligent features, and actively develop LNG fleets”; and “China is committed to building a group of backbone maritime transportation enterprises with strong international competitiveness”. The above incentives provide feasibility for the implementation of the investment projects.

(II) Market Demand Increased due to Changes in the Route Structure of Global Oil Tanker Transportation

In the past year, conflicts in the Middle East intensified, and many oil tankers chose to avoid the Red Sea and detour to the Cape of Good Hope to ensure the safety of energy shipping. At the same time, the demand for crude oil in Asia, represented by China and India, is increasing, and the crude oil exporting region is gradually shifting to the Americas under the influence of the OPEC countries' production cutback policies. As a result, demand for energy transportation along the routes between the Americas and Asia is increasing accordingly. These changes will lead to longer shipping distances and larger tonne-mile demands of crude oil shipping globally, which will further stimulate the demand for crude oil tankers led by VLCCs.

(III) Ongoing New Energy-oriented Transformation Brings Development Opportunities to the LNG Shipping Market

In recent years, there have been significant changes in the global pattern of energy, and the new energy oriented transformation is underway. As the cleanest fossil energy source, natural gas enjoys the comprehensive advantages of low carbon, high efficiency and economic effectiveness, which make it a feasible choice for realizing low-carbon-oriented energy transformation, and also an important tool for China to achieve the objectives of "carbon peaking by 2030 and carbon neutrality by 2060".

With the increasing maturity of LNG shipping technology and management expertise, the proportion of LNG transportation in natural gas transportation has been increasing. Natural gas transportation showed a clear trend of declining pipeline transportation and rising LNG transportation during the past decade, and the LNG transportation industry has entered a period of rapid development and stable income. Therefore, the LNG transportation industry is facing important development opportunities, and the favorable market environment provides the feasibility for the Company to invest in the construction of LNG carriers.

(IV) The Company Is Well Positioned to Implement Business in Relevant Areas of the Investment Projects

The Company has been deeply engaged in the oil shipping and LNG transportation industries for many years, with strong core competitiveness, a large-scale fleet, abundant customer resources and excellent marketing capabilities, and has formed a mature and stable operation mode for the acquisition of vessels and the operation of additional vessels, and are therefore well positioned to implement business in this field, as described below:

1. Strong core competitiveness

The Company is deeply engaged in the innovation of safety management and efficient operation modes of vessels for oil shipping, and has accumulated extensive practical experience and forged strong core competitiveness in oil and gas shipping, therefore enjoying a high brand reputation in the industry. The Company's professional shipping operation and management team has cultivated a stable customer base, including many

large-scale domestic and overseas conglomerates, by providing customers with timely, safe, reliable and differentiated transportation services, thus the Company has a solid customer base and a high market share.

2. *Advantages of a larger-scale fleet*

The Company's oil tanker fleet currently ranks first in the world in terms of size. By formulating the shipping capacity development plan scientifically and selecting the type, number and timing for vessel construction rationally, the Company has been able to continuously strengthen the competitiveness of its fleet and increase its market share.

As a shipping company with the most complete range of vessel types among global oil tanker fleets, the Company's oil tanker fleet covers all mainstream tanker types in the world, which allows the integration of domestic and international voyages by employing crude and product tankers across different sizes. The Company gives full play to the advantages of its vessel types and shipping route networks to provide customers with whole-process logistics solutions involving materials import in international trade, transshipment and lightering in domestic trade, product oil transport and export, and downstream chemicals transportation, etc., to help customers with means to reduce logistics costs and therefore realize win-win cooperation.

3. *Abundant customer resources and excellent marketing capabilities*

The Company has established a solid business partnership with its major customers, including reputable domestic and international energy companies, by providing them with high-quality transportation services. Currently, the Company has formed a globalized network of overseas outlets, including Hong Kong, Singapore, London, Houston, Japan and Brazil, and has established a global marketing service system and a global security emergency support system. The Company has expanded its overseas market share by fully utilizing the functions of its global outlets, and has diversified its cargo sources, customer bases and shipping routes by leveraging its advantages in fleet size and structure.

IV. IMPACT OF THE ISSUANCE TO SPECIFIC TARGET SUBSCRIBERS ON THE OPERATION MANAGEMENT AND FINANCIAL POSITION OF THE COMPANY

(I) Impact on the Operation Management of the Company

The investment projects to be financed by the proceeds from the Issuance focus primarily on the Company's main businesses. These investment projects are in line with the relevant national industry policies and the development direction of the Company's overall future strategic plan, and have good market development prospects and economic benefits. The implementation of the investment projects is necessary for the ordinary operation of the Company. Given that the Company's tanker fleet structure will be optimized and the LNG shipping capacity will be further upgraded consequently, such approach will facilitate the Company in enhancing its overall operation efficiency, motivating business integration and synergy effects, and consolidating its industry position, thereby improving the profitability and overall competitiveness of the Company and safeguarding the long-term interests of the Shareholders.

(II) Impact on the Financial Position of the Company

Upon completion of the Issuance, on the one hand, the net assets and total assets of the Company will be increased accordingly while the gearing ratio will be decreased, thus the structure of assets and liabilities will be more stabilized, and the financial foundation for the Company's sustainable development will be enriched. On the other hand, since the total share capital of the Company will increase following the Issuance, while it will take time to receive the economic benefit generated from the investment projects, the earnings per Share of the Company are therefore likely to be diluted in the short term.

V. CONCLUSION OF FEASIBILITY ANALYSIS ON THE USE OF THE PROCEEDS

In conclusion, the investment projects to be financed by the proceeds from the Issuance focus closely on the Company's main businesses. These investment projects are in line with the relevant national industry policies, laws and regulations and the Company's overall future strategic plan, which follow the development trend of the energy transportation industry, and have good market prospects and economic benefits. After the completion of the investment projects, the core competitiveness and long-term sustainable development capabilities of the Company will be further consolidated. Therefore, the investment projects to be financed by the proceeds from the Issuance are necessary and feasible, and are in the interests of the Company and its Shareholders as a whole.

Board of Directors
24 January 2025

* *For identification purposes only*

The report on the use of previous proceeds by the Company as of 31 December 2024 is written in Chinese with no official English translation. The English translation is for reference only. If there is any inconsistency between the Chinese and English versions, the Chinese version shall prevail. The full text of the report on the use of previous proceeds is as follows:

I. RAISING AND DEPOSIT OF PREVIOUS PROCEEDS

(I) Amount and availability of previous proceeds

Approved by the China Securities Regulatory Commission in the Reply to the Approval of the Non-public Issuance of Shares of COSCO Shipping Energy Transportation Co., Ltd. (Zheng Jian Xu Ke [2019] No. 2312) (《關於核准中遠海運能源運輸股份有限公司非公開發行股票的批覆》), the Company issued 730,659,024 RMB ordinary shares to 3 specific investors through non-public issuance of shares. The issuing price was RMB6.98 per share, raising a total of RMB5,099,999,987.52. After deducting various issuance expenses of RMB23,993,881.71, the actual net amount of proceeds were RMB5,076,006,105.81.

All the above-mentioned proceeds were in place on 10 March 2020. Baker Tilly China Certified Public Accountants issued the Capital Verification Report (Tian Zhi Ye Zi [2020] No. 12332) (《驗資報告》) on the proceeds, confirming that the proceeds were in place.

(II) Deposit of the special account for previous proceeds

To regulate the management of the proceeds and protect the legitimate rights and interests of investors, the Company has opened a special account for the proceeds to deposit the above-mentioned proceeds in accordance with relevant regulations such as the Regulatory Guidelines for Listed Companies No.2 – Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies (《上市公司監管指引第2號—上市公司募集資金管理和使用的監管要求》) and the Management Measures for Proceeds of Listed Companies of the Shanghai Stock Exchange (Revised in 2013) (《上海證券交易所上市公司募集資金管理辦法(2013年修訂)》) and the provisions of Special Deposit and Use Management System for Proceeds (《募集資金專項存儲及使用管理制度》) of the Company.

To regulate the utilization and management of the proceeds of the Company, enhance the efficiency of the proceeds utilization, and protect the legitimate rights and interests of all shareholders, the Company has formulated the Special Deposit and Utilization Management System for Proceeds (《募集資金專項存儲及使用管理制度》), which has been considered and approved by the Board of the Company, in accordance with relevant laws and regulations, including the Regulatory Guidelines for Listed Companies No.2 – Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies (《上市公司監管指引第2號—上市公司募集資金管理和使用的監管要求》) and the Management Measures for Proceeds of Listed Companies of the Shanghai Stock Exchange (Revised in 2013) (《上海證券交易所上市公司募集資金管理辦法(2013年修訂)》).

Pursuant to relevant laws and regulations including Regulatory Guidelines for Listed Companies No.2 – Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies (《上市公司監管指引第2號—上市公司募集資金管理和使用的監管要求》) and the Management Measures for Proceeds of Listed Companies of the Shanghai Stock Exchange (Revised in 2013) (《上海證券交易所上市公司募集資金管理辦法(2013年修訂)》), and the provisions of Special Deposit and Use Management System for Proceeds (《募集資金專項存儲及

使用管理制度》) of the Company, the Company, Guotai Junan Securities Co., Ltd., as the sponsor and the Export-Import Bank of China as the deposit bank entered into the Tripartite Supervision Agreement for the Designated Accounts for Proceeds on 26 March 2020 (the “**Tripartite Supervision Agreement**”).

The Resolution on the Change of the Implementation Entity of Certain Projects Invested by the Proceeds and the Capital Increase in Hainan Company (《關於公司變更部分募集資金投資項目實施主體及對海南公司增資的議案》) was considered and approved at the tenth Board meeting of 2020 convened by the Company on 21 July 2020, which agreed to transfer the 9 oil tankers which were under construction in the non-public issuance projects invested by the proceeds of the Company to the wholly-owned subsidiary of the Company, Hainan COSCO SHIPPING Energy Transportation Co., Ltd. (海南中遠海運能源運輸有限公司), through changing shipbuilding contract buyer entity. To regulate the management and utilization of the proceeds and protect the rights of the investors, the Company entered into the Quadripartite Supervision Agreement for the Designated Accounts for Proceeds with its wholly-owned subsidiary, Hainan COSCO Shipping Energy Transportation Co., Ltd. (海南中遠海運能源運輸有限公司), the deposit bank and the sponsor on 28 August 2020 (the “**Quadripartite Supervision Agreement**”), to create a newly proceeds account 1360000100001302780 accordingly. There is no material difference between the above Tripartite Supervision Agreement signed by the Company and the Quadripartite Supervision Agreement, both were formulated with reference to the Tripartite Supervision Agreement for the Designated Accounts for Proceeds (Model) of the Shanghai Stock Exchange (《上海證券交易所募集資金專戶存儲三方監管協議(範本)》). All parties to the agreements have fulfilled such liability in accordance with the terms of the Tripartite Supervision Agreement and the Quadripartite Supervision Agreement.

As of 31 December 2024, the balance of the special account for proceeds was nil, and all special accounts for proceeds have been cancelled.

The details were as follows:

Unit: *RMB*

Serial No.	Company Name	Deposit Bank	Bank Account	Balance	Account Status
1	COSCO SHIPPING Energy Transportation Co., Ltd.* (中遠海運能源運輸股份有限公司)	Export-Import Bank of China	1360000100001268816	0.00	Cancelled
2	Hainan COSCO Shipping Energy Transportation Co., Ltd. (海南中遠海運能源運輸有限公司)	Export-Import Bank of China	1360000100001302780	0.00	Cancelled
Total				0.00	

II. ACTUAL USE OF PREVIOUS PROCEEDS

Please refer to the Comparison Table of Use of Previous Proceeds (Schedule 1) for the actual use of previous proceeds of the Company.

III. CHANGES OF THE PREVIOUS PROCEEDS

As of 31 December 2024, there was no change in the projects invested by the previous proceeds.

IV. TRANSFER AND REPLACEMENT OF THE PREVIOUS PROCEEDS FOR THE INVESTMENT OF PRE-INVESTED PROJECTS

The Resolution in Respect of The Replacement of The Self-Raised Funds Pre-Invested in Investment Projects with Proceeds (《關於使用募集資金置換預先已投入募投項目的自籌資金的議案》) was considered and approved at the third Board Meeting of 2020 and the second supervisory Board meeting of 2020 convened by the Company on 10 December 2018, which agreed the Company to replace the self-raised funds pre-invested in investment projects of RMB1,444,162,306.45 and the self-raised funds paid for issuance expenses of RMB11,748,497.96 with the proceeds from the non-public issuance of A Shares of RMB1,455,910,804.41. ShineWing Certified Public Accountants LLP has audited the replacement and issued the Verification Report on the Pre-investment in the Projects Invested by the Proceeds with Self-raised Funds of COSCO SHIPPING Energy Transportation Co., Ltd.* (《關於中遠海運能源運輸股份有限公司以自籌資金預先投入募集資金投資項目情況報告的鑒證報告》) (XYZH/No.2020BJA130368), and Guotai Junan Securities Co., Ltd, the sponsor, declaimed a review opinion in this regard. The Company has complied with the statutory procedures in accordance with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (《上海證券交易所股票上市規則》) and has completed the necessary information disclosure. For details, please refer to the Announcement in Relation to the Replacement of the Self-Raised Funds Pre-Invested in Investment Projects and Paid for Issuance Expenses with Proceeds (《關於使用募集資金置換預先已投入募投項目及已支付發行費用的自籌資金的公告》) (Announcement No. Lin 2020-018) disclosed on the Shanghai Stock Exchange website on 8 April 2020.

In 2020, the Company has actually completed replacing the self-raised funds pre-invested in the projects invested by the proceeds and the self-raised funds paid for issuance expenses of RMB1,455,910,804.41 with the proceeds.

V. BENEFITS ACHIEVED FROM THE PROJECTS INVESTED BY THE PREVIOUS PROCEEDS IN THE LAST THREE YEARS**(I) Comparison table of benefits achieved from the projects invested by the previous proceeds**

For the benefits achieved from the projects invested by the previous proceeds in the last three years, please refer to the Table of Benefits Achieved from the Projects Invested by the Previous Proceeds in the Last Three Years (Schedule 2). The basis and calculation method of the achieved benefits in the comparison table are the same with those of the committed benefits.

(II) Explanation on the failure of the projects invested by the previous proceeds to be separately accounted for benefits

There are no projects invested by the proceeds whose benefits cannot be accounted for separately.

(III) Accumulated benefits from the projects invested by previous proceeds less than 20 % or more of those as committed

There are no projects invested by previous proceeds whose accumulated benefits are less than 20% or more of those as committed.

VI. OPERATION OF ASSETS RELATED TO THE SUBSCRIPTION OF SHARES BY ASSETS INVOLVED IN THE PREVIOUS ISSUANCE

As of 31 December 2024, the subscription of shares by assets are not involved in the previous issuance of the Company.

VII. USE OF IDLE PROCEEDS

As of 31 December 2024, there is no cash management and investment of idle proceeds in the related products.

VIII. BALANCE OF PREVIOUS PROCEEDS AND THE USE OF BALANCE OF PREVIOUS PROCEEDS

As of 31 December 2024, the previous proceeds have been fully used.

Board of Directors
24 January 2025

REPORT ON THE USE OF PROCEEDS FROM PREVIOUS FUND-RAISING ACTIVITIES

Comparison Table of Use of Previous Proceeds

Unit: RMB'0000

- II-5 -

Including: As at the end of the period, the investment progress of 4 VLCC oil tankers was 102.70%, with the progress payment for ship building paid by interest from the proceeds of RMB13.72 million.

As at the end of the period, the investment progress of 3 Aframax oil tankers was 102.57%, with the progress payment for ship building paid by interest from the proceeds of RMB20.00 million.

Note 1: The actual delivery dates for the 4 VLCC oil tankers are September 2020, November 2020, February 2021 and February 2022 respectively.

Note 2: The actual delivery dates for the 3 Suez oil tankers are August 2020, December 2020 and January 2021 respectively.

Note 3: The actual delivery dates for the 3 Aframax oil tankers are December 2019, April 2020 and July 2020 respectively.

Note 4: The actual delivery dates for the 2 LR2 product oil tankers are November 2020 and January 2021 respectively.

Note 5: The actual delivery dates for the 2 Panamax oil tankers are April 2020 and July 2020 respectively.

Note 6: The actual delivery dates for the 2 Panamax oil tankers (72,000-tonne class) are December 2017 and March 2018 respectively.

SCHEDULE 2

Table of Benefits Achieved from the Projects Invested by the Previous Proceeds in the Last Three Years

Unit: RMB'0000

No.	Project name	Actual investment project	Accumulated capacity utilization rate of the investment project as of the cut-off date	Committed economic benefits of the project (internal rate of return)	Actual benefits in the last three years (gross profit)		Accumulated benefits achieved as of the cut-off date (gross profit)	Estimated benefits achieved
					2022	2023	2024	
1.	Acquisition of 14 oil tankers Including: 4 VLCC oil tankers 3 Suez oil tankers 3 Aframax oil tankers 2 LR2 product oil tankers 2 Panamax oil tankers		N/A	/	59,604	84,618	79,789	252,083
			N/A	8.5%	9,249	25,363	22,175	57,733
			N/A	7.4%	11,474	22,935	13,107	45,444
			N/A	7.4%	19,851	17,451	16,645	69,196
			N/A	7.2%	11,383	10,460	15,704	37,242
			N/A	16.7%	7,646	8,409	12,157	42,469
			N/A	9.37%	9,590	11,119	9,674	37,159
2.	Acquisition of two Panamax oil tankers (72,000-tonne class)		N/A					
Total					69,194	95,736	89,463	289,242

Notes: 1. According to the Proposed Non-public Issuance of A Shares of the Company in May 2019, the internal rate of return and other indicators were disclosed for the economic benefit of projects, therefore the committed internal rate of return is presented herein.

2. The accumulated benefits achieved as of the cut-off date (gross profit) represent the accumulated benefits achieved from the actual delivery date for the vessels to 31 December 2024.

3. The accumulated benefits achieved as of the cut-off date from the project "2 Panamax oil tankers" are slightly lower than the expected benefits, primarily due to the fact that vessels of the project were partially used for domestic coastal shipping of product oil. Firstly, while the newbuilding vessels were put into operation, greater adjustments have been made to the national tax reform policy on product oil compared to that when the project is established, resulting in compressed profitability in domestic oil shipping. Secondly, since 2020, the product oil trading business in the PRC experienced a cyclical downturn, coupled with the periodic imbalance between the supply and demand of transportation capacity, the freight rate was turn to be lower than expectation.

* For identification purposes only

The Shareholders' Return Plan for the next three years (2025–2027) of the Company is written in Chinese and there is no official English translation in respect thereof. The English translation is for reference only. In the case of any inconsistency between the English and Chinese version, the Chinese version shall prevail. The full version of the Shareholders' Return Plan for the next three years (2025–2027) is as follows:

In order to improve and refine the profit distribution policy of the Company, establish a sustainable, stable, scientific and positive shareholders' return mechanism and to further highlight the importance of return to the shareholders, this Shareholders' Return Plan (the **"Shareholders' Return Plan"**) for the next three years (2025–2027) of COSCO SHIPPING Energy Transportation Co., Ltd. is formulated by the board of directors of the Company in accordance with the relevant requirements of the Company Law, the Listed Companies Regulatory Guidance No. 3 – Cash Dividends Distribution of Listed Companies (2023 Revision), the Notice Regarding Further Implementation of Cash Dividends Distribution of Listed Companies and other laws, regulations and normative documents and Articles of Association. The details are as follows:

(I) PRINCIPLES FOR FORMULATION OF THE PLAN

The Company shall prioritize providing reasonable returns to its investors and implement a consistent and stable profit distribution policy; the Company's profit distribution shall not exceed the amount of accumulated distributable profit or impede the ongoing operation of the Company; the opinions of shareholders (particularly the minority shareholders), independent directors and supervisors shall be fully considered and listened when formulating the Shareholders' Return Plan of the Company; subject to compliance with relevant conditions, the Company shall give priority to dividend distribution in cash over the next three years (2025–2027).

(II) KEY CONSIDERATIONS IN THE PLAN

With a focus on the long-term and sustainable development and based on the comprehensive analysis on actual circumstance of its business development, the shareholders' requirements and aspirations, social capital costs and external financing environment, the Company has formulated its Shareholders' Return Plan. After fully taking into account its strategic development plan and development stage, current and future profitability and size, cash flow, working capital requirement, bank credit and debt financing environment, the Company has established a sustainable, stable and scientific dividend return plan and mechanism for investors to ensure the continuity and stability of profit distribution policy.

(III) SPECIFIC SHAREHOLDERS' RETURN PLAN OF THE COMPANY FOR THE NEXT THREE YEARS (2025-2027)

1. Form of profit distribution

The Company may distribute dividends in the form of cash, shares, or a combination of both. The Company shall give priority to profit distribution in the form of cash. The Company may distribute profits via share dividend according to actual circumstances such as the accumulated distributable profit and cash flows of the Company, provided that there is sufficient cash dividend and a reasonable share capital structure of the Company. The actual proposal regarding the proportion of share dividends shall be recommended by the Board.

2. Minimum proportion of cash dividends

The total profit to be distributed in cash in any consecutive three years shall not be less than 30% of the average annual distributable profit realized. The actual proposal relating to the proportion of cash dividend per annum shall be recommended by the Board based on the annual profitability and the future plan of capital utilization of the Company.

3. Conditions of cash dividends

The Company's cash dividend distribution shall meet the following conditions:

- (1) The realised distributable profit of the Company for the year (the profit after tax of the Company after recovery of losses and allocation to the common reserve) is positive with sufficient cash flows, and the cash dividend distribution will not affect the subsequent continuing operation of the Company;
- (2) The auditors have issued an audit report with standard unqualified opinions on the annual financial report of the Company.

4. Proportions of cash dividend

The Board shall take various factors into consideration, including the Company's industry characteristics, development stages, business model, debt repayment capacity and profitability as well as whether the Company has any substantial capital expenditure arrangements and investor return in differentiating the following circumstances and propose a differentiated policy for cash dividend distribution pursuant to the procedures stipulated in the Articles of Association and the Plan:

- (1) Where the Company is in a developed stage with no substantial capital expenditure arrangements, the dividend distributed in the form of cash shall be at least 80% of the profit distribution;
- (2) Where the Company is in a developed stage with substantial capital expenditure arrangements, the dividend distributed in the form of cash shall be at least 40% of the profit distribution;
- (3) Where the Company is in a developing stage with substantial capital expenditure arrangements, the dividend distributed in the form of cash shall be at least 20% of the profit distribution;

If it is difficult to determine the Company's stage of development while it has significant capital expenditure arrangements, the profit distribution may be dealt with pursuant to the preceding provisions.

5. Specific conditions for share dividend distribution

The Company may distribute profit via share dividend according to actual conditions such as the accumulated distributable profit and cash flows of the Company, provided that there is sufficient cash dividend and a reasonable share capital structure of the Company. The actual

proposal regarding the proportion of share dividends shall be recommended by the Board. When determining the specific amount of share dividend distribution, the Board of the Company shall take full account of whether the total share capital after share dividend distribution is suitable for the current operation scale and, development, growth and the dilution of net assets per share, so as to ensure that the profit distribution plan is in the interest of all shareholders as a whole in the long run.

6. Time intervals between profit distributions

Provided that the Company registers a profit for the year, and its operating cash flow and total undistributed profit are positive, the Company shall make profit distribution at least once a year and may also distribute interim profits.

(IV) DECISION-MAKING PROCEDURES AND MECHANISM FOR PROFIT DISTRIBUTION

The Company's profit distribution proposal shall be formulated by the management of the Company. In formulating the profit distribution proposal the views of investors shall be taken into account and the proposal so formulated shall be submitted to the consideration of the Board of the Company. The Board of the Company shall fully consider and deliberate the profit distribution proposal pursuant to the provisions of the Articles of Association, having fully taken into account the Company's ability to operate continuously, and the capital required for ensuring routine production, operation and business development as well as reasonable return to investors. In deliberating and decision-making of the profit distribution proposal, the Board of the Company shall take full account of the views of the independent directors.

Where the profit distribution proposal is considered by the Board, it requires the consent of more than half of all the directors to be approved. Independent Directors have the right to express independent opinions if they believe that the specific cash dividend distribution plan may be detrimental to the interests of the Company or the minority shareholders. If the Board has not adopted or fully adopted the recommendations of the independent directors, the Board shall record in its resolution the opinions of the independent directors and the specific reasons for not adopting, and disclose them.

The resolutions formed for the profit distribution proposal shall be submitted to the shareholders general meeting for consideration. Upon receipt of any qualifying profit distribution proposal proposed by other shareholders, the Board shall communicate with the proposing shareholder to understand the specific reasons and background for proposing the proposal, announce the contents of and reasons for the proposal in accordance with the procedures as required by the Articles of Association, and submit the same to the shareholders general meeting for consideration.

Where the profit distribution proposal is considered at the shareholders general meeting, the Company shall communicate and exchange ideas through multiple channels with shareholders (minority shareholders in particular), take full account of the opinion and demands of minority shareholders, and give timely replies to issues that concern minority shareholders.

Where the profit distribution plan is considered at the shareholders general meeting, it requires the consent of more than half of all shareholders (including proxies of shareholders) carrying voting rights present at the meeting to be approved. Where plans for share dividend distribution or for transfer from the common reserve to share capital is considered at the shareholders general meeting, it requires the consent of more than two thirds of the shareholders (including proxies of shareholders) carrying voting rights present at the shareholders general meeting to be approved.

(V) FORMULATION CYCLE AND ADJUSTMENT MECHANISM OF THE PLAN

The shareholders' return plan for the coming three years made by the Company shall be elaborated in details, and Independent directors shall express their independent opinions regarding the formulation and adjustment made to the profit distribution policy. Upon considered and approved by the Board, such proposal shall be submitted to the general meeting for consideration and approval. The passing and approval of such proposal shall require more than two thirds of the effective votes made by the shareholders attending the general meeting (including proxies of shareholders). The Company should listen to the opinions of Independent directors and minority shareholders when adjusting the established profit distribution policy, especially the cash dividend policy.

In principle, the Company's Board should review this plan every three years. If the Company does not need to adjust the shareholders' return plan, the Company can refer to the latest edition of shareholders' return plan formulated or revised for implementation, without separately formulating or revising the return plan.

The adjustment made by the Company to the shareholders' return plan shall be submitted by the Board to the general meeting, and shall go through relevant procedures as required by the provisions of article (IV) of the plan.

(VI) INFORMATION DISCLOSURE REGARDING PROFIT DISTRIBUTION OF THE COMPANY

The Company shall disclose in details in its periodic reports the formulation and implementation of the cash dividend policy, and state whether the policy is in compliance with the requirements of the Articles of Association or the resolutions passed at the general meeting(s); whether the basis and ratio of the distribution of dividends are clear; whether the relevant decision making procedures and systems are sound; the specific reasons for not distributing cash dividends by the Company, if applicable, and measures to be taken to enhance the investors' level of return; the fulfillment of obligations and contributions of the independent directors; whether there are enough channels for medium and small shareholders to express their views and concerns, and whether their legal interests are sufficiently protected, etc. In the event of any adjustment or alteration to the cash dividend policy, the Company shall fully describe whether the conditions and procedures for such adjustment or alteration are compliant and transparent.

(VII) SUPPLEMENTARY PROVISIONS

Any matters not covered herein shall be governed by the requirements of relevant laws, regulations, regulatory documents and the Articles of Association. The right to interpret the Plan shall vest in the Board of the Company. The Plan and its amendments will come into force from the date of approval of the resolution at the general meeting of the Company.

Board of Directors
24 January 2025

**APPENDIX IV DILUTION OF CURRENT RETURN BY THE ISSUANCE OF A SHARES
TO SPECIFIC TARGET SUBSCRIBERS, REMEDIAL MEASURES ADOPTED
AND THE UNDERTAKINGS MADE BY THE RELEVANT ENTITIES**

Dilution of Current Return by the Issuance of A Shares to Specific Target Subscribers, Remedial Measures Adopted and the Undertakings Made by the Relevant Entities is written in Chinese, with no official English translation. The English translation is provided solely for reference only. In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail. The full version of this document is as follows:

The Board of the Company hereby confirms that the information herein does not contain any false representations, misleading statements or material omissions, and the Directors accept legal responsibilities for the truthfulness, accuracy and completeness of the information contained herein.

In order to protect the interests of minority investors, the Company carefully analyzed the impact on dilution of current returns by the Issuance of A Shares to Specific Target Subscribers and formulated specific remedial measures in accordance with the requirements of the Opinions of the General Office of the State Council on Further Enhancing the Protection of Legitimate Rights and Interests of Minority Investors in Capital Markets, the Several Opinions of the State Council on Further Promoting the Sound Development of Capital Markets and the Guiding Opinions on the Dilution of Current Returns by Initial Offering, Refinancing and Material Asset Restructuring published by the CSRC and other relevant laws and regulations, and the relevant entities have undertaken to effectively implement the measures of the Company for compensating returns.

Unless otherwise specified, relevant terms in the document shall have the same meanings as in the Announcement on the Proposed Issuance of A Shares to Specific Target Subscribers in 2025 by COSCO SHIPPING Energy Transportation Co., Ltd.* (中遠海運能源運輸股份有限公司).

I. IMPACT OF DILUTION OF CURRENT RETURNS BY THE ISSUANCE OF A SHARES TO SPECIFIC TARGET SUBSCRIBERS ON MAIN FINANCIAL INDICATORS OF THE COMPANY

(I) Key Assumptions and Conditions

The following assumptions are solely used for schematic estimation of the impact of the dilution of current returns by the Issuance on main financial indicators of the Company, and do not represent the judgment on Company's operating conditions and trends in the future, nor does it constitute a profit forecast of the Company. Investors shall not make investment decisions in reliance thereon. The Company will not be held liable for any loss howsoever arising from investors' investment decisions based on such information.

1. It is assumed that there are no significant adverse changes in the macroeconomic environment, industrial policy, entry requirement, securities industry conditions, market conditions and Company's operating environment;
2. It is assumed that the Issuance of A Shares to Specific Target Subscribers will be completed at the end of September 2025. The completion time, which will be used only for the purpose of calculating the impact of dilution of current returns under the Issuance of A Shares to Specific Target Subscribers on main financial indicators of the Company and will not constitute the judgment on the actual completion time of the Issuance, and shall be subject to the time when the Issuance is actually completed after the approval for registration by the CSRC;

3. It is assumed that when predicting the Company's total share capital, on the basis that the total share capital prior to the Issuance is 4,770,776,395 shares, only the impacts of the Issuance of A Shares to Specific Target Subscribers will be taken into consideration, regardless of other factors (such as share incentive, shares repurchase) causing changes in share capital. Assuming calculated based on the maximum number of shares of the Issuance, which is 1,431,232,918 shares, the total share capital of the Company will reach 6,202,009,313 shares after the completion of the Issuance. The assumption is only used for measurement of the impact of the Issuance on the Company's main financial indicators, which do not constitute the judgement on the actual amount of shares to be issued, and finally subject to the approval for registration by the CSRC and the actual amount of shares to be issued;
4. Based on the Issuance, the total proceeds raised from the Issuance (without considering the impact of issuance expenses) is assumed to be RMB8,000 million (inclusive), and the final total proceeds shall be subject to the actual amount approved by the CSRC for registration and actually completed;
5. The calculation is based on the operational data in 2024 of the Company. According to the annual results forecast of 2024 published by the Company, the Company recorded a net profit attributable to Shareholders of the Company for 2024 of approximately RMB3.96 billion, and realized a net profit attributable to Shareholders of the Company (net of non-recurring gains or losses) of approximately RMB3.95 billion.

It is assumed that the net profit attributable to Shareholders of the Company and the net profit attributable to Shareholders of the Company (net of non-recurring gains or losses) in 2025 is estimated in the following three scenarios: (1) 10% lower than that for 2024; (2) the same as that for 2024; and (3) 10% higher than that for 2024; The above growth rates are only for the calculation on the impact of the dilution of current returns by the Issuance on main financial indicators of the Company, and do not represent the judgment on Company's operating conditions and trends in the future, nor does it constitute a profit forecast of the Company. Investors should not make investment decisions in reliance thereon. The Company will not be held liable for any loss howsoever arising from investors' investment decisions based on such information;

6. It is assumed that except for the Issuance, no other conditions which have an impact or potential impact on the share capital of the Company, such as share incentive, dividends, capitalization issue and shares repurchase will be taken into consideration temporarily;
7. The influence of other non-recurring gains or losses and force majeure factors on the financial position of the Company is not considered;
8. The impact on the Company's operation and financial status (such as financial expenses and investment income) after the proceeds from the Issuance are received is not considered.

**APPENDIX IV DILUTION OF CURRENT RETURN BY THE ISSUANCE OF A SHARES
TO SPECIFIC TARGET SUBSCRIBERS, REMEDIAL MEASURES ADOPTED
AND THE UNDERTAKINGS MADE BY THE RELEVANT ENTITIES**

(II) Impact on Main Financial Indicators of the Company by the Issuance

Item	2023/31 December 2023	2024/31 December 2024 (Predict)	2025/31 December 2025 (Predict)	
			Before the Issuance	After the Issuance
Total share capital (shares)	4,770,776,395	4,770,776,395	4,770,776,395	6,202,009,313
Number of shares under the Issuance (shares)				1,431,232,918
Scenario 1: assuming the net profit attributable to Shareholders of the Company and the net profit attributable to Shareholders of the Company (net of non-recurring gains or losses) in 2025 decreased by 10% year-on year				
Net profit attributable to Shareholders of the Company for the current period (RMB10,000)	335,058.47	396,000.00	356,400.00	356,400.00
Net profit attributable to Shareholders of the Company (net of non-recurring gains or losses) for the current period (RMB10,000)	413,439.87	395,000.00	355,500.00	355,500.00
Basic earnings per share (RMB per share)	0.70	0.83	0.75	0.69
Basic earnings per share, net of non-recurring gains or losses (RMB per share)	0.87	0.83	0.75	0.69
Diluted earnings per share (RMB per share)	0.70	0.83	0.75	0.69
Diluted earnings per share, net of non-recurring gains or losses (RMB per share)	0.87	0.83	0.75	0.69
Scenario 2: assuming the net profit attributable to Shareholders of the Company and the net profit attributable to Shareholders of the Company (net of non-recurring gains or losses) in 2025 is almost the same as last year.				
Net profit attributable to Shareholders of the Company for the current period (RMB10,000)	335,058.47	396,000.00	396,000.00	396,000.00
Net profit attributable to Shareholders of the Company (net of non-recurring gains or losses) for the current period (RMB10,000)	413,439.87	395,000.00	395,000.00	395,000.00
Basic earnings per share (RMB per share)	0.70	0.83	0.83	0.77
Basic earnings per share, net of non-recurring gains or losses (RMB per share)	0.87	0.83	0.83	0.77
Diluted earnings per share (RMB per share)	0.70	0.83	0.83	0.77
Diluted earnings per share, net of non-recurring gains or losses (RMB per share)	0.87	0.83	0.83	0.77

**APPENDIX IV DILUTION OF CURRENT RETURN BY THE ISSUANCE OF A SHARES
TO SPECIFIC TARGET SUBSCRIBERS, REMEDIAL MEASURES ADOPTED
AND THE UNDERTAKINGS MADE BY THE RELEVANT ENTITIES**

Item	2023/31 December 2023	2024/31 December 2024 (Predict)	2025/31 December 2025 (Predict)	
			Before the Issuance	After the Issuance
Scenario 3: the net profit attributable to Shareholders of the Company and the net profit attributable to Shareholders of the Company (net of non-recurring gains or losses) in 2025 increased by 10% year-on year				
Net profit attributable to Shareholders of the Company for the current period (RMB10,000)	335,058.47	396,000.00	435,600.00	435,600.00
Net profit attributable to Shareholders of the Company (net of non-recurring gains or losses) for the current period (RMB10,000)	413,439.87	395,000.00	434,500.00	434,500.00
Basic earnings per share (RMB per share)	0.70	0.83	0.91	0.85
Basic earnings per share, net of non-recurring gains or losses (RMB per share)	0.87	0.83	0.91	0.85
Diluted earnings per share (RMB per share)	0.70	0.83	0.91	0.85
Diluted earnings per share, net of non-recurring gains or losses (RMB per share)	0.87	0.83	0.91	0.85

II. SPECIAL RISK WARNING IN RELATION TO DILUTION OF CURRENT RETURNS BY THE ISSUANCE OF A SHARES TO SPECIFIC TARGET SUBSCRIBERS

Upon completion of the Issuance of A Shares to Specific Target Subscribers, the share capital and net assets of the Company will increase accordingly. However, the related gains and profits will not be fully released within a short term, as it takes some time for the proceeds to deliver benefits from the stage of investment to the stage of project implementation. As such, Shareholders' returns will remain dependent on the existing businesses of the Company before the proceed-funded projects yield benefits. Further, due to the increase of share capital, such indicators as earnings per share will see some decline after the Issuance of A Shares to Specific Target Subscribers. Therefore, investors are advised to pay attention to the risk that the Issuance may result in dilution of current returns.

In calculation of dilution effect of the Issuance of A Shares to Specific Target Subscribers on current returns, the analysis on net profit attributable to Shareholders of the Company and net profit attributable to Shareholders of the Company (net of non-recurring gains or losses) for 2024 and 2025 does not constitute profit forecast of the Company; the detailed remedial measures established to deal with the risk of dilution of current returns do not represent guarantees for future profits of the Company. Investors shall not make investment decisions in reliance thereon. The Company will not be held liable for any loss howsoever arising from investors' investment decisions based on such information. Investors are advised to exercise with caution.

**APPENDIX IV DILUTION OF CURRENT RETURN BY THE ISSUANCE OF A SHARES
TO SPECIFIC TARGET SUBSCRIBERS, REMEDIAL MEASURES ADOPTED
AND THE UNDERTAKINGS MADE BY THE RELEVANT ENTITIES**

III. NECESSITY AND RATIONALITY OF THE ISSUANCE OF A SHARES TO SPECIFIC TARGET SUBSCRIBERS

(I) Intended Use of Proceeds

The total proceeds raised from the Issuance of A Shares to Specific Target Subscribers shall be no more than RMB8 billion (inclusive) and will be used for the following purposes after deducting the cost of issuance:

Unit: *RMB10,000*

No.	Project name	Total amount of investment	The amount of proceeds to be used in the project
1	Investment in the construction of 6 VLCCs	574,800.00	459,840.00
2	Investment in the construction of 2 LNG carriers	343,341.86	274,673.49
3	Investment in the construction of 3 Aframax crude carriers	173,700.00	65,486.51
	Total	1,091,841.86	800,000.00

Note 1: The vessel price for “Investment in the construction of 2 LNG carriers” amounted to USD477,600,000 (approximately RMB3,433,418,640). The exchange rate at which USD amounts are converted into RMB amounts is based on the median price of the exchange rate of USD against RMB announced by the People’s Bank of China on 17 January 2025: USD1=RMB7.1889;

Note 2: Total amount of investment herein refers to the contracted vessel price.

Before receiving the proceeds, the Company will, depending on the actual progress of the projects, finance these projects by its own or self-raised fund which shall be replaced once the proceeds have been received according to procedures required by relevant legal regulations.

When the proceeds have been fully received, but the net proceeds are less than the aggregate amount of the proceeds proposed to be invested in the aforementioned projects, the Company will adjust and eventually decide the specific projects to be invested in, the priorities of and the specific investment amount of each project in compliance with relevant laws and regulations and within the scope of investment projects to be financed by the proceeds from the Issuance ultimately determined, by considering the specific implementation progress of such projects, and will make up for the shortfall through its own or self-raised fund.

(II) Necessity and Feasibility of the Investment Projects Funded by Proceeds from the Issuance

With prudential probe of the Board, the investment projects funded by proceeds from the Issuance are aimed for the Company's principal businesses and future landscape, align with the national supporting policies and the Company's overall strategy for future development, conduce to strengthened core competitiveness and consolidated industry position, facilitate sustainable development and therefore are in the interest of the Company and Shareholders as a whole. The detailed analysis on necessity and rationality of such activities are included in the Feasibility Report on the Use of Proceeds from the Issuance of A Shares to Specific Target Subscribers Initiated by COSCO SHIPPING Energy Transportation Co., Ltd. in 2025, which is published by the Company on the website of Shanghai Stock Exchange on the same day.

IV. RELATIONSHIP BETWEEN THE INVESTMENT PROJECTS FUNDED BY PROCEEDS FROM THE ISSUANCE AND THE COMPANY'S EXISTING BUSINESSES AND RESERVES ON TALENT, TECHNOLOGY AND MARKET RESOURCES FOR THE INVESTMENT PROJECTS

(I) Relationship between the Investment Projects and the Company's Existing Businesses

The Company's main businesses include oil shipment along the coast of the PRC and internationally, international liquefied natural gas shipment, liquefied petroleum gas shipment and chemicals shipment. As at 31 December 2024, the Company owns and controls 159 oil tankers, and has invested in 87 LNG carriers.

After deducting the cost of issuance, the proceeds from the Issuance of A Shares to Specific Target Subscribers will be invested in construction of oil tankers and LNG carriers, which is in alignment with the Company's strategic deployment and conducive to optimising fleet structure and improving shipping capacity. Additionally, the investment projects conform to the Company's development and business plans and help the Company to consolidate its leading position in the industry, improve profitability and enhance comprehensive strength.

(II) Reserves on Talent, Technology and Market Resources for the Investment Projects

1. Talent reserve

The Company remains committed to the idea that "talents are the foremost assets". Currently, it has a team comprised by talents with solid background and extensive experience in oil and LNG shipment and related business areas, who are able to support the Company's development requirements. Besides, with emphasis on talent development and talent introduction, the Company further advances the strategy of strong enterprise enabled by talents and amplifies the value of talents in all fields. While introducing high-caliber talents, it builds well-structured talent pipelines for all levels and key positions by a series of scientific training programmes. With the efforts in cultivating a team of talents with international horizon, digital expertise and professionalism, the Company builds a talent highland for global energy transportation to better serve its global footprint in the future.

2. *Technical reserve*

Under scientific management measures and well-conceived plans, the Company now has a top-notch tanker and LNG fleet in terms of scale and comprehensive strength and accumulates extensive industry experience, which can guarantee sound operation of the investment projects. As at 31 December 2024, the Company owns and controls 159 oil tankers, and has invested in 87 LNG carriers. In oil shipment, the Company's tanker fleet has the largest capacity in the world and covers the mainstream oil tanker types, boasting the fullest coverage worldwide. In LNG shipment, the Company serves as a leader in China's LNG shipment business and an important player of the world's LNG shipment market. Moreover, the Company has established a set of reliable and effective safety management system and built a reputable brand image in the industry, which further enhances its market competitiveness.

3. *Market reserve*

For the oil shipment business, the Company has established strong strategic partnership with renowned oil companies and domestic independent oil refineries, and entered into long-term Contract of Affreightment (COA) with multiple customers in the oil field, which provide guarantees for future business development. Going forward, the Company will further deepen cooperation with centrally-administered state-owned enterprises including China Petrochemical Corporation, China National Petroleum Corporation, China National Offshore Oil Corporation and Sinochem Group Co., Ltd., and remain determined to provide domestic and overseas customers with high-quality whole-course logistics solutions.

For the LNG shipment business, the Company has signed long-term time charter contracts with large natural gas companies based domestically and overseas, which secures stable charter hire and investment income. The Company vigorously develops LNG shipment projects by riding the golden development stage of LNG sector, and the sound operation of COSCO SHIPPING LNG (Hong Kong) Ship Management Co., Limited, a wholly-owned subsidiary of the Company, enhances the Company's comprehensive advantages to participate in the competition of global LNG shipment market.

**V. SPECIFIC REMEDIAL MEASURES TAKEN BY THE COMPANY ON THE DILUTION OF
CURRENT RETURN BY THE ISSUANCE OF A SHARES TO SPECIFIC TARGET
SUBSCRIBERS**

The Issuance of A Shares to Specific Target Subscribers may lead to a decline in the current returns of the investors. Having considered the above circumstances, the Company intends to prevent the risks of dilution of current returns and achieve sustainable development of its business through various measures, so as to proactively maximize future earnings, fulfill the Company's developmental aspirations, recover Shareholders' returns and adequately safeguard the interests of minority shareholders. The specific remedial measures taken by the Company on current returns are as follows:

**(I) Actively Promoting the Development of Its Principal Businesses and Enhancing the
Company's Core Competitiveness**

Since 2022, the international energy landscape has undergone profound changes, resulting in the lengthening of energy transportation routes, the significant increase in shipping demand, the optimization of the industrial supply and demand pattern and the sustained high level of industry prosperity, propelling the oil transportation market to high prosperity in the next few years. At the same time, with the roll-out of the strategic goals of carbon peaking and carbon neutrality (雙碳), LNG and other clean energy have entered into a phase of rapid growth.

Presented with the market opportunities, the Company has strengthened the integration among its various segments and departments to fully utilize the economies of scale and synergies, enhance the core competitiveness of its existing businesses, and consolidate the development scale of its existing businesses, further expanding the Company's market share, constantly improving its sustainable profitability and strengthening its core competitiveness.

(II) Strengthening the Management of Proceeds to Ensure the Appropriate Use of Proceeds

The Company has formulated the relevant system on management of proceeds in accordance with the requirements of laws, regulations and normative documents such as the Company Law, the Securities Law and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, which provides clear regulations on the special deposit account, use, management and supervision of the proceeds.

Upon receipt of the proceeds from the Issuance of A Shares to Specific Target Subscribers, the Company will, in accordance with the requirements of laws, regulations and the relevant systems on management of proceeds, conduct special deposit of the proceeds, strictly manage the use of proceeds and will be subject to the supervision and inspection of the independent Directors and the Supervisory Committee on an ongoing basis. Additionally, the Company will conduct internal audit of the proceeds periodically, cooperate with the supervisory bank and the sponsor in the inspection and supervision of the use of the proceeds, so as to ensure the reasonable and standardized use of the proceeds, and reasonably prevent the risks in relation to use of proceeds.

**APPENDIX IV DILUTION OF CURRENT RETURN BY THE ISSUANCE OF A SHARES
TO SPECIFIC TARGET SUBSCRIBERS, REMEDIAL MEASURES ADOPTED
AND THE UNDERTAKINGS MADE BY THE RELEVANT ENTITIES**

(III) Strictly Implementing Cash Dividend Distribution Policies and Strengthening Return Mechanism for Investors

In order to improve and refine a scientific, sustainable and stable dividend distribution decisions and supervisory mechanism of the listed companies, proactively give return to the investors, and guide investors to establish a concept of long-term and rational investment, the Company has formulated the Shareholders' Return Plan for the Next Three Years (2025–2027) of COSCO SHIPPING Energy Transportation Co., Ltd.(《中遠海運能源運輸股份有限公司未來三年(2025年–2027年)股東回報規劃》), pursuant to laws, regulations and normative documents such as the Company Law, the No. 3 Guideline for the Supervision of Listed Companies – Cash Dividends Distribution of Listed Companies (2023 Revision) (《上市公司監管指引第3號—上市公司現金分紅(2023年修訂)》), the Notice in Relation to Further Implementing Cash Dividend Distribution of Listed Companies (《關於進一步落實上市公司現金分紅有關事項的通知》) as well as the provisions under the Articles of Association, and based on the Company's operating conditions and development plans. The Company will strictly carry out relevant provisions to safeguard the legitimate interests of investors and strengthen the mechanism that safeguards the interests of minority investors, in an effort to improve the returns to Shareholders.

(IV) Continuously Improving Corporate Governance so as to Provide Institutional Safeguard for the Development of the Company

The Company has, in strict accordance with the requirements of laws, regulations and normative documents such as the Company Law, the Securities Law and the Code of Corporate Governance for Listed Companies, established and augmented the corporate governance structure, and, by virtue of the sound mechanisms for the independent operation of the general meetings, the Board, the Supervisory Committee and the senior management, established organizations that are correlated to the production and operations of the Company. The duties and functions of each functional department are separate from one another to allow checks and balances. There is a clear division of powers and duties between the general meetings, the Board, the Supervisory Committee and the senior management of the Company, with balanced functions and good practice, which has created a reasonable, complete and effective corporate governance and operation and management structure.

The Company will continue to improve its governance structure to effectively protect the interests of investors, especially those of minority investors, and provide institutional guarantee for its development. The Company ensures that the Supervisory Committee can independently and effectively exercise the rights and powers for supervision and inspection over Directors, senior management members as well as the financial affairs of the Company to provide assurance for the development of the Company.

**APPENDIX IV DILUTION OF CURRENT RETURN BY THE ISSUANCE OF A SHARES
TO SPECIFIC TARGET SUBSCRIBERS, REMEDIAL MEASURES ADOPTED
AND THE UNDERTAKINGS MADE BY THE RELEVANT ENTITIES**

VI. UNDERTAKINGS BY RELEVANT ENTITIES

(I) Undertakings by the Directors and the Senior Management of the Company on the Remedial Measures Regarding Dilution of Current Returns by the Issuance

The Directors and the senior management of the Company have made the following undertakings on the Company's remedial measures in accordance with relevant regulations of the CSRC:

- “1. I hereby undertake to perform my duties as a Director and/or a senior management of the Company and uphold the legitimate rights and interests of the Company and all Shareholders faithfully and diligently;
2. I hereby undertake not to transfer benefits to other entities or individuals with no consideration or under unfair terms, and shall not damage the Company's interests in any other ways;
3. I hereby undertake to constrain the consumption behavior in relation to my work duty;
4. I hereby undertake not to use the Company's assets for investments or consumption activities that are unrelated to the engagement and performance of my work duties;
5. I hereby undertake that the remuneration system formulated by the Board of Directors or the remuneration and appraisal committee will be linked with the implementation of the Company's remedial measures;
6. I hereby undertake that the vesting conditions of share incentives to be formulated by the Company will be in line with the implementation of the remedial measures if the Company were to make such share incentive plans in the future;
7. From the date of making these undertakings until completion of the Issuance of A Shares to Specific Target Subscribers, I hereby undertake to make supplemental undertakings in accordance with the latest regulations imposed by the CSRC, which render the aforementioned undertakings inadequate to satisfy such regulatory requirements;
8. I hereby undertake to fully execute the relevant remedial measures formulated by the Company and each undertaking I made regarding such remedial measures. If I violate these undertakings and cause losses to the Company or investors, I am willing to bear the liability to pay compensation to the Company or investors in accordance with the law;

**APPENDIX IV DILUTION OF CURRENT RETURN BY THE ISSUANCE OF A SHARES
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9. As one of the relevant responsible entities of the remedial measures, if I violate the above undertakings or refuse to perform such undertakings, I consent to the enforcement of relevant punishment or adoption of relevant regulatory measures upon me by securities regulatory authorities such as the CSRC and the Shanghai Stock Exchange pursuant to relevant requirements and rules formulated or issued by such authorities.”

(II) Undertakings by the Controlling Shareholders of the Company

To ensure that the remedial measures for dilution of current returns by the Issuance are implemented, and to protect the legitimate interests of the Company and all its Shareholders, China Shipping, as the direct controlling shareholder of COSCO SHIPPING Energy Transportation, and the COSCO SHIPPING Group, as the indirect controlling shareholder of COSCO SHIPPING Energy Transportation, have made the following undertakings:

- “1. We shall exercise our rights as a Shareholder in accordance with the relevant laws, regulations and the relevant provisions of the Articles of Association, and shall not go beyond our powers to interfere with the operation management activities of the Company and shall not encroach upon the interests of the Company;
2. We shall perform the relevant remedial measures formulated by the Company and these undertakings. If we violate these undertakings or refuse to perform these undertakings and cause losses to the Company or shareholders, we consent to bear corresponding legal responsibilities in accordance with laws, regulations and relevant regulations of securities regulatory agencies;
3. From the date of making these undertakings until completion of the Issuance of A Shares Specific Target Subscribers, we hereby undertake to make supplemental undertakings in accordance with the latest regulations imposed by the CSRC, which renders the aforementioned undertakings inadequate to satisfy such regulatory requirements.”

The announcement is hereby made.

Board of Directors
24 January 2025

* *For identification purposes only*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

- (a) As at the Latest Practicable Date, the interests of the Directors, Supervisors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules were as follows:

(i) Long position in the shares, underlying shares and debentures of the Company

Name	Nature of interest	Class of Shares ⁽¹⁾	Number of Shares held as at the Latest Practicable Date ⁽²⁾	Approximate percentage of total number of the relevant class of Shares	Percentage of total number of issued Shares
Zhu Maijin (“ Mr. Zhu ”)*	Beneficial owner	A	102,980 (L)	0.00296%	0.00216%
Zhao Jinsong	Beneficial owner	H	6,000 (L)	0.00046%	0.00013%

(ii) Long positions in the shares, underlying shares and debentures of associated corporations of the Company

Name of associated corporation	Name	Nature of interest	Class of Shares ⁽¹⁾	Number of Shares held as at the Latest Practicable Date ⁽²⁾	Approximate percentage of the number of shares of the relevant class of the associated corporation	Approximate percentage of the total number of issued shares of the relevant associated corporation
COSCO SHIPPING Holdings Co., Ltd.	Mr. Yang Lei	Beneficial owner	H	36,900 (L)	0.00115%	0.00023%
		Interest of spouse ⁽³⁾	H	2,000 (L)	0.00006%	0.00001%
		Interest of spouse ⁽³⁾	A	8,000 (L)	0.00006%	0.00005%
COSCO SHIPPING Development Co., Ltd.	Mr. Yang Lei	Beneficial owner	H	313,000 (L)	0.00851%	0.00231%
COSCO SHIPPING Ports Limited	Mr. Yang Lei	Beneficial owner	Ordinary shares	26,597 (L)	0.00072%	0.00072%
COSCO SHIPPING International (Hong Kong) Co., Ltd.	Mr. Yang Lei	Beneficial owner	Ordinary shares	660,000 (L)	0.04502%	0.04502%

Notes:

* Mr. Ren Yongqiang and Mr. Zhu Maijin are participants of the 2023 A Share Option Incentive Scheme of the Company. On 10 May 2024, Mr. Ren Yongqiang was granted 283,200 share options under the scheme (being approximately 0.008% of the total issued A Shares and 0.006% of the total issued shares of the Company) and Mr. Zhu Maijin was granted 269,300 share options under the scheme (being approximately 0.008% of the total issued A Shares and 0.006% of the total issued shares of the Company), with exercise price of RMB13.00 per A Share and exercise period from 11 May 2026 to 10 May 2031.

(1) A – A shares

H – H shares

(2) L – Long position

(3) 2,000 H shares and 8,000 A shares in COSCO SHIPPING Holdings Co., Ltd. are held by Ms. Song Jianfang, the spouse of Mr. Yang Lei. Accordingly, by virtue of the SFO, Mr. Yang Lei is also deemed to be interested in the 10,000 shares in COSCO SHIPPING Holdings Co., Ltd. held by his spouse.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, none of the Directors, Supervisors or chief executive of the Company had any interest or short positions in any shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

- (b) As at the Latest Practicable Date, save as disclosed below, so far as is known to the Directors, no Director was a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Position held in COSCO SHIPPING and/or its subsidiaries
Ren Yongqiang	the General Manager Assistant of China COSCO Shipping Corporation Limited
Zhu Maijin	the chairman and the party secretary of the committee of COSCO SHIPPING Investment Dalian Co., Ltd.
Wang Shuqing	a director of each of COSCO SHIPPING Seafarer Management Co., Ltd. and COSCO SHIPPING (Korea) Co., Ltd.
Wang Wei	A director of each of COSCO SHIPPING Specialized Carriers Co., Ltd. (stock code: 601428.SH), COSCO SHIPPING Bulk Co., Ltd. and COSCO SHIPPING (North America) Co., Ltd., and a supervisor of COSCO SHIPPING Logistics Co., Ltd.
Wang Songwen	A full-time external director at direct subsidiaries of China COSCO Shipping Corporation Limited

3. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates had any interest in any business, which competes or may compete, either directly or indirectly, with the business of the Group as if each of them was treated as a controlling shareholder of the Company under Rule 8.10 of the Listing Rules.

4. DIRECTORS' AND SUPERVISORS' INTERESTS IN ASSETS OF THE GROUP

As at the Latest Practicable Date, none of the Directors or Supervisors had any direct or indirect interest in any asset which had been, since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

5. DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors or Supervisors was materially interested in any contract or arrangement subsisting and which is significant in relation to the business of the Group.

6. DIRECTORS' AND SUPERVISORS' INTERESTS IN SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or Supervisors had entered, or proposed to enter into a service contract or service agreement with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

7. QUALIFICATIONS OF EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this circular and whose opinion or advice is contained in this circular:

Name	Qualification
Goldlink Capital (Corporate Finance) Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Goldlink Capital (Corporate Finance) Limited was not beneficially interested in the share capital of any member of the Group, and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Goldlink Capital (Corporate Finance) Limited did not have any direct or indirect interest in any assets which had been, since 31 December 2023 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

As at the Latest Practicable Date, Goldlink Capital (Corporate Finance) Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 25 March 2025 in connection with their advice to the Independent Board Committee and the Independent Shareholders, and reference to its name and opinion in the form and context in which it appears.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and, so far as the Directors were aware, there was no litigation or claim of material importance pending or threatened against any member of the Group.

9. MATERIAL CONTRACTS

As at the Latest Practicable Date, no member of the Group has entered into any material contract (not being contracts entered into in the ordinary course of business of the Group) within the two years immediately preceding the date of this circular.

10. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up.

11. MISCELLANEOUS

- (a) The registered office of the Company is located at Room A-1015, No. 188 Ye Sheng Road, China (Shanghai) Pilot Free Trade Zone Lingang Special Area, the PRC.
- (b) The head office and principal place of business of the Company in the PRC is 670 Dongdaming Road, Hongkou District, Shanghai, the PRC.
- (c) The place of business of the Company in Hong Kong is Rooms 3601-3602, 36/F West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.
- (d) The Hong Kong branch share registrar of the Company is Hong Kong Registrars Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (e) The secretary of the Company is Ms. Ni Yidan, being a senior economic engineer and a member of The Hong Kong Chartered Governance Institute.
- (f) This circular is in both English and Chinese. In the event of inconsistency, the English version of this circular (save and except for Appendices I, II, III and IV) shall prevail over the Chinese version.

12. DOCUMENTS ON DISPLAY

Electronic copies of the following documents are published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (energy.coscoshipping.com) for a period of 14 days from the date of this circular (both days inclusive):

- (a) the COSCO SHIPPING Subscription Agreement;
- (b) the Shipbuilding Contracts for Panamax Crude Oil/Product Oil Tankers;
- (c) the Shipbuilding Contracts for Aframax Crude Oil Tankers;
- (d) the Shipbuilding Contracts for LR2 Crude Oil/Product Oil Tankers;
- (e) the letter from the Independent Board Committee, the text of which is set out in pages 42 to 43 of this circular;
- (f) the letter from the Independent Financial Adviser, the text of which is set out in pages 44 to 73 of this circular; and
- (g) the written consent from the Independent Financial Adviser referred to in the paragraph headed "7. Qualifications of Expert and Consent" in this Appendix V.

NOTICE OF EXTRAORDINARY GENERAL MEETING

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COSCO SHIPPING ENERGY TRANSPORTATION CO., LTD.* **中遠海運能源運輸股份有限公司**

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1138)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**EGM**”) of COSCO SHIPPING Energy Transportation Co., Ltd. (the “**Company**”) will be held at 10:00 a.m. on Friday, 11 April 2025 (or any adjournment thereof) at 3rd Floor, Ocean Hotel, No. 1171 Dongdaming Road, Hongkou District, Shanghai, the People's Republic of China to consider and, if thought fit, pass the following resolutions.

Unless otherwise defined, capitalized terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 25 March 2025 (the “**Circular**”).

ORDINARY RESOLUTIONS

1. To consider and approve the resolution in relation to the satisfaction of the Company of the requirements for the Proposed Issuance of A Shares to Specific Target Subscribers.
2. To approve, confirm and ratify the Shipbuilding Contract for Panamax Crude Oil/Product Oil Tankers dated 14 February 2025 entered into between the Company and COSCO SHIPPING Heavy Industry (Dalian) and the transactions contemplated thereunder; and to authorize the directors of the Company to exercise all powers which they consider necessary and do such other acts and things and execute such other documents which in their opinion may be necessary or desirable to implement the transactions contemplated under the Shipbuilding Contract for Panamax Crude Oil/Product Oil Tankers.
3. To approve, confirm and ratify the Shipbuilding Contracts for Aframax Crude Oil Tankers dated 14 February 2025 entered into between the COSCO SHIPPING Energy Transportation (Hainan) and COSCO SHIPPING Heavy Industry (Yangzhou) and the transactions contemplated thereunder; and to authorize the directors of the Company to exercise all powers which they consider necessary and do such other acts and things and execute such other documents which in their opinion may be necessary or desirable to implement the transactions contemplated under the Shipbuilding Contracts for Aframax Crude Oil Tankers.

* For identification purposes only

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. To approve, confirm and ratify the Shipbuilding Contracts for LR2 Crude Oil/Product Oil Tankers dated 14 February 2025 entered into between the COSCO SHIPPING Energy Transportation (Hainan) and COSCO SHIPPING Heavy Industry (Yangzhou) and the transactions contemplated thereunder; and to authorize the directors of the Company to exercise all powers which they consider necessary and do such other acts and things and execute such other documents which in their opinion may be necessary or desirable to implement the transactions contemplated under the Shipbuilding Contracts for LR2 Crude Oil/Product Oil Tankers.

SPECIAL RESOLUTIONS

5. To consider and approve the resolution in relation to the proposal on the Proposed Issuance of A Shares to Specific Target Subscribers by the Company in 2025, individually:

- 5.1. class and par value of Shares to be issued

A Shares with a par value of RMB1.00 each. The new A Shares to be issued under the Issuance will rank pari passu in all respects with the existing A Shares.

- 5.2. method and time of issuance

The Proposed Issuance of A Shares to Specific Target Subscribers will be made in the form of issuing to specific target subscribers, and the Company will issue the A Shares as and when appropriate within the stipulated validity period after being reviewed and approved by the Shanghai Stock Exchange and obtaining the approval of the CSRC for the registration.

- 5.3. target subscribers and method of subscription

The issuance of Shares to specific target subscribers will be issued to not more than 35 (inclusive of 35) specific investors, including COSCO SHIPPING, an indirect controlling Shareholder of the Company. Apart from COSCO SHIPPING, other target subscribers may include securities investment fund management companies, securities companies, trust companies, finance companies, insurance institutional investors, qualified foreign institutional investors which satisfy the requirements prescribed by the CSRC, and other legal persons, natural persons or other lawful investment organisations which meet the requirements set out in the relevant laws and regulations.

All the target subscribers will subscribe for the Shares to be issued under the Issuance in cash. If the regulatory authorities have other provisions on the qualifications of the shareholders of the target subscribers and corresponding review procedures, such provisions shall prevail.

NOTICE OF EXTRAORDINARY GENERAL MEETING

5.4. pricing benchmark date, issue price and pricing principle

The price for the Proposed Issuance of A Shares to Specific Target Subscribers shall be determined through bidding, and the pricing benchmark date shall be the first day of the issuance period. The issue price shall be not lower than 80% of the average price at which the Company's A Shares were traded for the 20 trading days prior to the pricing benchmark date (excluding the pricing benchmark date) and the Company's audited net assets per Share attributable to the ordinary shareholders of the listed company as at the end of the most recent period prior to the Issuance, whichever is higher.

In the event that the Company carries out ex-dividend and ex-right activities that lead to adjustment of share price, such as distribution of dividend, bonus share issue, allotment of shares, conversion of capital reserve into share capital and others, during the 20 trading days prior to the pricing benchmark date, the trading prices of the trading days prior to such price adjustment shall be calculated according to the prices as adjusted by the relevant ex-dividend and ex-right activities.

In the event that the Company carries out ex-dividend and ex-right activities during the period from the most recent audited balance sheet date to the Issue Date prior to the Issuance, the net assets per Share shall be adjusted accordingly.

On the basis of the aforementioned Base Issue Price, the final issue price of the Proposed Issuance of A Shares to Specific Target Subscribers will be determined by the Board through negotiation with the sponsor (lead underwriter) pursuant to the authorisation granted by the Shareholders' Meetings based on the results of the bidding in accordance with the relevant provisions of the Measures for the Administration of Registration of Securities Issuance by Listed Companies (《上市公司證券發行註冊管理辦法》) and other relevant provisions after the Issuance has been approved by the Shanghai Stock Exchange and has obtained the approval of registration by the CSRC.

During the period from the pricing benchmark date to the Issue Date, in the event of ex-dividend and ex-right activities such as distribution of dividend, bonus share issue, conversion of capital reserve into share capital and others, the issue price for the Issuance shall be adjusted accordingly, and the adjustment formulas shall be as follows:

In the event of distribution of cash dividends: $P1 = P0 - D$;

In the event of bonus issues or capitalisation issues: $P1 = P0 / (1 + n)$;

In the event that the above two items occurring simultaneously: $P1 = (P0 - D) / (1 + n)$.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Where: P1 denotes the issue price after adjustment; P0 denotes the issue price before adjustment; n denotes the rate of bonus issues or capitalisation issues; D denotes the cash dividend per Share.

COSCO SHIPPING will not participate in the bidding process for the price determination for the Issuance, but undertakes to accept the bidding result of other target subscribers and to subscribe for the A Shares under the Issuance at the same price as other target subscribers. If the issue price for the Issuance cannot be determined through bidding, COSCO SHIPPING will not participate in the subscription under the Issuance.

5.5. number of Shares to be issued

As at the date of the Latest Practicable Date, the total number of issued Shares of the Company is 4,770,776,395 Shares, which comprises 3,474,776,395 A Shares and 1,296,000,000 H Shares. The number of A Shares to be issued to the specific target subscribers under the Issuance shall be not more than 30% of the total share capital of the Company prior to the Issuance, i.e. not more than 1,431,232,918 Shares (inclusive), and is subject to the number of shares finally approved for registration by the CSRC. The number of new A Shares to be issued shall be calculated by dividing the final total proceeds from the Issuance (not more than RMB8,000,000,000) by the A Share issue price and rounded down to the nearest integer. COSCO SHIPPING has undertaken to subscribe for 50% of the number of A Shares to be issued under the Issuance.

In the event that the Company carries out bonus share issue, conversion of capital reserve into share capital, issuance of new shares or placement of shares, share incentive, shares repurchase and cancellation and other events or any other activities leading to changes in its total share capital prior to the Issuance during the period from the approval date of its board resolutions in relation to the Issuance up to the Issue Date, the maximum number of A Shares to be issued under the Issuance shall be adjusted accordingly.

Within the above scope, the Board will determine the final issue amount through negotiation with the sponsor (lead underwriter) in accordance with the authorisation granted by the Shareholders' Meetings and the relevant provisions including the Measures for the Administration of Registration of Securities Issuance by Listed Companies (《上市公司證券發行註冊管理辦法》), changes in regulatory policies or the requirements of the registration documents for issuance as well as the actual subscription situation.

NOTICE OF EXTRAORDINARY GENERAL MEETING

5.6. lock-up period

The A Shares under the Issuance subscribed by COSCO SHIPPING shall not be transferred within 18 months from the completion of the Issuance; and the A Shares under the Issuance subscribed by other target subscribers shall not be transferred within 6 months from the completion of the Issuance. If the relevant securities regulatory authorities adjust their regulatory opinions or requirements regarding the lock-up period, the aforementioned lock-up periods will be adjusted accordingly in line with the policies of the securities regulatory authorities.

The Shares derived from bonus share issue and conversion of capital reserve into share capital of the Company during the lock-up period shall also comply with the above lock-up arrangement.

The reduction of A Shares to be obtained through the Issuance after the lock-up period by the target subscribers of the Issuance is also subject to the prevailing laws, regulations, normative documents, relevant rules of the Shanghai Stock Exchange and the Articles of Association.

5.7. the amount and use of proceeds

The total proceeds raised from the Proposed Issuance of A Shares to Specific Target Subscribers shall be no more than RMB8 billion (inclusive) and will be used for the following purposes after deducting the cost of issuance:

No.	Project name	Total amount of investment	The amount of proceeds to be used in the project
		(RMB0,000)	(RMB0,000)
1	Investment in the construction of 6 VLCCs	574,800.00	459,840.00
2	Investment in the construction of 2 LNG carriers	343,341.86	274,673.49
3	Investment in the construction of 3 Aframax crude carriers	173,700.00	65,486.51
Total		<u>1,091,841.86</u>	<u>800,000.00</u>

NOTICE OF EXTRAORDINARY GENERAL MEETING

When the proceeds have been fully received, but the net proceeds are less than the aggregate amount of the proceeds proposed to be invested in the aforementioned projects, the Company will adjust and eventually decide the specific projects to be invested in, the priorities of and the specific investment amount of each project in compliance with relevant laws and regulations and within the scope of investment projects to be financed by the proceeds from the Issuance ultimately determined, by considering the actual amount of the proceeds raised and the specific implementation progress of such projects, and will make up for the shortfall through its own or self-raised fund. Before receiving the proceeds, the Company will, depending on the actual progress of the projects, finance these projects by its own or self-raised fund which shall be replaced once the proceeds have been received according to procedures required by relevant legal regulations.

5.8. place of listing

After the expiration of the lock-up period of the A Shares issued under the Issuance, such A Shares will be listed and traded on the main board of the Shanghai Stock Exchange.

5.9. arrangement relating to the accumulated profit prior to the issuance

All the existing and new Shareholders will be entitled to the accumulated undistributed profits prior to the Issuance according to their shareholding percentage after the Issuance.

5.10. validity period of the resolution prior to the issuance

The resolutions regarding the Issuance shall be valid for 12 months from the date when the resolutions relating to the Proposed Issuance of A Shares to Specific Target Subscribers are considered and approved at the Shareholders' Meetings.

6. To consider and approve the resolution in relation to the preliminary proposal of the Proposed Issuance of A Shares to Specific Target Subscribers by the Company in 2025.
7. To consider and approve the resolution in relation to the discussion and analysis report on the proposal of the Issuance of A Shares to Specific Investor by the Company in 2025.
8. To consider and approve the resolution in relation to the feasibility analysis report on the use of proceeds from the Proposed Issuance of A Shares to Specific Target Subscribers by the Company in 2025.
9. To consider and approve the resolution in relation to the report on use of proceeds from previous fund-raising activities of the Company.
10. To consider and approve the resolution in relation to the related (connected) transaction concerning the entering into of the conditional share subscription agreement(s) with COSCO SHIPPING by the Company.

NOTICE OF EXTRAORDINARY GENERAL MEETING

11. Proposal to submit to the Shareholders' Meeting for approval of COSCO SHIPPING's exemption from acquiring additional shares of the Company by way of tender offer.
12. To consider and approve the future plan for return to the Shareholders for the coming three years (2025-2027) of the Company.
13. To consider and approve the resolution in relation to the dilution of the Company's current return by the Proposed Issuance of A Shares to Specific Target Subscribers in 2025 and the remedial measures.
14. To consider and approve the resolution in relation to the undertakings to be made by the relevant entities in respect of the measures on the dilution of the Company's current return by the Proposed Issuance of A Shares to Specific Target Subscribers.
15. To consider and approve the Specific Mandate related to the Proposed Issuance of A Shares to Specific Target Subscribers.
16. To consider and approve the resolution in relation to the authorization by the general meeting to the Board and its authorized person(s) to proceed with relevant matters in respect of the issuance of Shares to specific target subscribers by the Company in their sole discretion.

By Order of the Board
COSCO SHIPPING Energy Transportation Co., Ltd.
Ren Yongqiang
Chairman

Shanghai, the PRC
25 March 2025

Notes:

1. The register of H Shares (the “**Register of Members**”) will be closed from Tuesday, 8 April 2025 to Friday, 11 April 2025 (both days inclusive), during which no transfer of H Shares of the Company will be registered. H Shareholders whose names appear on the Register of Members at the close of business on Friday, 11 April 2025 are entitled to attend and vote at the EGM after completing the registration procedures for attending the meeting.
2. In order to be entitled to attend and vote at the EGM, the H Shareholders shall lodge all transfer documents together with the relevant share certificates to Hong Kong Registrars Limited, the H share registrar of the Company, not later than 4:30 p.m. on Monday, 7 April 2025.

NOTICE OF EXTRAORDINARY GENERAL MEETING

3. The address of Hong Kong Registrars Limited, the share registrar (for share transfer) for the H shares of the Company is as follows:

Shops 1712-1716
17th Floor Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

The details of the Office of the Board of Directors of the Company are as follows:

7th Floor, 670 Dongdaming Road
Hongkou District
Shanghai
People's Republic of China
Postal Code: 200080
Tel: 86 (21) 6596 6666
Fax: 86 (21) 6596 6160

4. Each H Shareholder who has the right to attend and vote at the EGM is entitled to appoint in writing one or more proxies, whether a Shareholder or not, to attend and vote on his/her behalf at the EGM.
5. The form of proxy must be in writing under the hand of the Shareholder or his/her attorney duly authorized in writing or, if the Shareholder is a legal person, must either be executed under its common seal or under the hand of a legal representative or other attorney duly authorized to sign the same. If the form of proxy is signed by an attorney authorized by the Shareholder, the power of attorney authorizing signature or other documents of authorization must be notarially certified.
6. To be valid, for H Shareholders, the form of proxy, and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority, must be delivered to Hong Kong Registrars Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time for holding the EGM or any adjournment thereof.
7. Each A Shareholder is entitled to appoint in writing one or more proxies, whether a Shareholder or not, to attend and vote on his/her behalf at the EGM. Notes 4 to 5 also apply to A Shareholders, except that the form of proxy or other documents of authority must be delivered to the Office of the Board of Directors of the Company, not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof in order for such documents to be valid.

The details of the Office of the Board of Directors of the Company are as follows:

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Tel: 86 (21) 6596 6666
Fax: 86 (21) 6596 6160

8. If a proxy attends the EGM on behalf of a shareholder, he/she should produce his/her identity card and the form of proxy signed by the Shareholder or his/her attorney, which specifies the date of its issuance. If a legal person Shareholder appoints its legal representative to attend the EGM, such legal representative should produce his/her identity card and valid documents evidencing his/her capacity as such legal representative. If a legal person Shareholder appoints a company representative other than its legal representative to attend the EGM, such representative should produce his/her identity card and an authorization instrument affixed with the seal of that Shareholder (which is a legal person) and duly signed by its legal representative.
9. The EGM is estimated to last for an hour. Shareholders who attend the EGM in person or by proxy shall bear their own transportation and accommodation expenses.

As at the date of this notice, the Board comprises Mr. REN Yongqiang and Mr. ZHU Maijin as executive Directors, Mr. WANG Shuqing, Mr. WANG Wei and Ms. WANG Songwen as non-executive Directors, Mr. Victor HUANG, Mr. LI Runsheng, Mr. ZHAO Jinsong and Mr. WANG Zuwen as independent non-executive Directors.

NOTICE OF H SHARES CLASS MEETING

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COSCO SHIPPING ENERGY TRANSPORTATION CO., LTD.* **中遠海運能源運輸股份有限公司**

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1138)

NOTICE OF H SHARES CLASS MEETING

NOTICE IS HEREBY GIVEN that the class meeting for holders of H Shares (the “**H Shares Class Meeting**”) of COSCO SHIPPING Energy Transportation Co., Ltd. (the “**Company**”) will be held at 10:00 a.m. on Friday, 11 April 2025 (or any adjournment thereof) at 3rd Floor, Ocean Hotel, No. 1171 Dongdaming Road, Hongkou District, Shanghai, the People's Republic of China (to be convened in the order of the extraordinary general meeting, class meeting for holders of A shares and H Shares Class Meeting) to consider and, if thought fit, approve the following resolutions.

Unless otherwise defined, capitalized terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 25 March 2025 (the “**Circular**”).

SPECIAL RESOLUTIONS

1. To consider and approve the resolution in relation to the proposal on the Proposed Issuance of A Shares to Specific Target Subscribers by the Company in 2025, individually:

- 1.1. class and par value of Shares to be issued

A Shares with a par value of RMB1.00 each. The new A Shares to be issued under the Issuance will rank pari passu in all respects with the existing A Shares.

- 1.2. method and time of issuance

The Proposed Issuance of A Shares to Specific Target Subscribers will be made in the form of issuing to specific target subscribers, and the Company will issue the A Shares as and when appropriate within the stipulated validity period after being reviewed and approved by the Shanghai Stock Exchange and obtaining the approval of the CSRC for the registration.

* For identification purposes only

NOTICE OF H SHARES CLASS MEETING

1.3. target subscribers and method of subscription

The issuance of Shares to specific target subscribers will be issued to not more than 35 (inclusive of 35) specific investors, including COSCO SHIPPING, an indirect controlling Shareholder of the Company. Apart from COSCO SHIPPING, other target subscribers may include securities investment fund management companies, securities companies, trust companies, finance companies, insurance institutional investors, qualified foreign institutional investors which satisfy the requirements prescribed by the CSRC, and other legal persons, natural persons or other lawful investment organisations which meet the requirements set out in the relevant laws and regulations.

All the target subscribers will subscribe for the Shares to be issued under the Issuance in cash. If the regulatory authorities have other provisions on the qualifications of the shareholders of the target subscribers and corresponding review procedures, such provisions shall prevail.

1.4. pricing benchmark date, issue price and pricing principle

The price for the Proposed Issuance of A Shares to Specific Target Subscribers shall be determined through bidding, and the pricing benchmark date shall be the first day of the issuance period. The issue price shall be not lower than 80% of the average price at which the Company's A Shares were traded for the 20 trading days prior to the pricing benchmark date (excluding the pricing benchmark date) and the Company's audited net assets per Share attributable to the ordinary shareholders of the listed company as at the end of the most recent period prior to the Issuance, whichever is higher.

In the event that the Company carries out ex-dividend and ex-right activities that lead to adjustment of share price, such as distribution of dividend, bonus share issue, allotment of shares, conversion of capital reserve into share capital and others, during the 20 trading days prior to the pricing benchmark date, the trading prices of the trading days prior to such price adjustment shall be calculated according to the prices as adjusted by the relevant ex-dividend and ex-right activities.

In the event that the Company carries out ex-dividend and ex-right activities during the period from the most recent audited balance sheet date to the Issue Date prior to the Issuance, the net assets per Share shall be adjusted accordingly.

On the basis of the aforementioned Base Issue Price, the final issue price of the Proposed Issuance of A Shares to Specific Target Subscribers will be determined by the Board through negotiation with the sponsor (lead underwriter) pursuant to the authorisation granted by the Shareholders' Meetings based on the results of the bidding in accordance with the relevant provisions of the Measures for the Administration of Registration of Securities Issuance by Listed Companies (《上市公司證券發行註冊管理辦法》) and other relevant provisions after the Issuance has been approved by the Shanghai Stock Exchange and has obtained the approval of registration by the CSRC.

NOTICE OF H SHARES CLASS MEETING

During the period from the pricing benchmark date to the Issue Date, in the event of ex-dividend and ex-right activities such as distribution of dividend, bonus share issue, conversion of capital reserve into share capital and others, the issue price for the Issuance shall be adjusted accordingly, and the adjustment formulas shall be as follows:

In the event of distribution of cash dividends: $P1 = P0 - D$;

In the event of bonus issues or capitalisation issues: $P1 = P0 / (1 + n)$;

In the event that the above two items occurring simultaneously: $P1 = (P0 - D) / (1 + n)$.

Where: P1 denotes the issue price after adjustment; P0 denotes the issue price before adjustment; n denotes the rate of bonus issues or capitalisation issues; D denotes the cash dividend per Share.

COSCO SHIPPING will not participate in the bidding process for the price determination for the Issuance, but undertakes to accept the bidding result of other target subscribers and to subscribe for the A Shares under the Issuance at the same price as other target subscribers. If the issue price for the Issuance cannot be determined through bidding, COSCO SHIPPING will not participate in the subscription under the Issuance.

1.5. number of Shares to be issued

As at the date of the Latest Practicable Date, the total number of issued Shares of the Company is 4,770,776,395 Shares, which comprises 3,474,776,395 A Shares and 1,296,000,000 H Shares. The number of A Shares to be issued to the specific target subscribers under the Issuance shall be not more than 30% of the total share capital of the Company prior to the Issuance, i.e. not more than 1,431,232,918 Shares (inclusive), and is subject to the number of shares finally approved for registration by the CSRC. The number of new A Shares to be issued shall be calculated by dividing the final total proceeds from the Issuance (not more than RMB8,000,000,000) by the A Share issue price and rounded down to the nearest integer. COSCO SHIPPING has undertaken to subscribe for 50% of the number of A Shares to be issued under the Issuance.

In the event that the Company carries out bonus share issue, conversion of capital reserve into share capital, issuance of new shares or placement of shares, share incentive, shares repurchase and cancellation and other events or any other activities leading to changes in its total share capital prior to the Issuance during the period from the approval date of its board resolutions in relation to the Issuance up to the Issue Date, the maximum number of A Shares to be issued under the Issuance shall be adjusted accordingly.

NOTICE OF H SHARES CLASS MEETING

Within the above scope, the Board of the Company will determine the final issue amount through negotiation with the sponsor (lead underwriter) in accordance with the authorisation granted by the Shareholders' Meetings and the relevant provisions including the Measures for the Administration of Registration of Securities Issuance by Listed Companies (《上市公司證券發行註冊管理辦法》), changes in regulatory policies or the requirements of the registration documents for issuance as well as the actual subscription situation.

1.6. lock-up period

The A Shares under the Issuance subscribed by COSCO SHIPPING shall not be transferred within 18 months from the completion of the Issuance; and the A Shares under the Issuance subscribed by other target subscribers shall not be transferred within 6 months from the completion of the Issuance. If the relevant securities regulatory authorities adjust their regulatory opinions or requirements regarding the lock-up period, the aforementioned lock-up periods will be adjusted accordingly in line with the policies of the securities regulatory authorities.

The Shares derived from bonus share issue and conversion of capital reserve into share capital of the Company during the lock-up period shall also comply with the above lock-up arrangement.

The reduction of A Shares to be obtained through the Issuance after the lock-up period by the target subscribers of the Issuance is also subject to the prevailing laws, regulations, normative documents, relevant rules of the Shanghai Stock Exchange and the Articles of Association.

1.7. the amount and use of proceeds

The total proceeds raised from the Proposed Issuance of A Shares to Specific Target Subscribers shall be no more than RMB8 billion (inclusive) and will be used for the following purposes after deducting the cost of issuance:

No.	Project name	Total amount of investment	The amount of proceeds to be used in the project
		(RMB0,000)	(RMB0,000)
1	Investment in the construction of 6 VLCCs	574,800.00	459,840.00
2	Investment in the construction of 2 LNG carriers	343,341.86	274,673.49
3	Investment in the construction of 3 Aframax crude carriers	173,700.00	65,486.51
Total		<u>1,091,841.86</u>	<u>800,000.00</u>

NOTICE OF H SHARES CLASS MEETING

When the proceeds have been fully received, but the net proceeds are less than the aggregate amount of the proceeds proposed to be invested in the aforementioned projects, the Company will adjust and eventually decide the specific projects to be invested in, the priorities of and the specific investment amount of each project in compliance with relevant laws and regulations and within the scope of investment projects to be financed by the proceeds from the Issuance ultimately determined, by considering the actual amount of the proceeds raised and the specific implementation progress of such projects, and will make up for the shortfall through its own or self-raised fund. Before receiving the proceeds, the Company will, depending on the actual progress of the projects, finance these projects by its own or self-raised fund which shall be replaced once the proceeds have been received according to procedures required by relevant legal regulations.

1.8. place of listing

After the expiration of the lock-up period of the A Shares issued under the Issuance, such A Shares will be listed and traded on the main board of the Shanghai Stock Exchange.

1.9. arrangement relating to the accumulated profit prior to the issuance

All the existing and new Shareholders will be entitled to the accumulated undistributed profits prior to the Issuance according to their shareholding percentage after the Issuance.

1.10. validity period of the resolution prior to the issuance

The resolutions regarding the Issuance shall be valid for 12 months from the date when the resolutions relating to the Proposed Issuance of A Shares to Specific Target Subscribers are considered and approved at the Shareholders' Meetings.

2. To consider and approve the resolution in relation to the preliminary proposal of the Proposed Issuance of A Shares to Specific Target Subscribers by the Company in 2025.
3. To consider and approve the resolution in relation to the related (connected) transaction concerning the entering into of the conditional share subscription agreement(s) with COSCO SHIPPING by the Company.
4. To consider and approve the Specific Mandate related to the Proposed Issuance of A Shares to Specific Target Subscribers.

NOTICE OF H SHARES CLASS MEETING

5. To consider and approve the resolution in relation to the authorization by the general meeting to the Board and its authorized person(s) to proceed with relevant matters in respect of the issuance of Shares to specific target subscribers by the Company in their sole discretion.

By Order of the Board
COSCO SHIPPING Energy Transportation Co., Ltd.
Ren Yongqiang
Chairman

Shanghai, the PRC
25 March 2025

Notes:

1. The H share register of the Company will be closed from Tuesday, 8 April 2025, to Friday, 11 April 2025 (both days inclusive), during which no transfer of H shares will be effected. Any holders of H shares of the Company, whose names appear on the Company's register of members at the close of business hours on Friday, 11 April 2025 are entitled to attend and vote at the H Shares Class Meeting after completing the registration procedures for attending the meeting. In order to be entitled to attend and vote at the H Shares Class Meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with Hong Kong Registrars Limited, the Company's H share registrar, not later than 4:30 p.m. on Monday, 7 April 2025.

2. The address of Hong Kong Registrars Limited, the share registrar (for share transfer) for the H Shares is as follows:

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5. To be valid, for H Shareholders, the form of proxy, and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority, must be delivered to Hong Kong Registrars Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time for holding the H Shares Class Meeting or any adjournment thereof.

NOTICE OF H SHARES CLASS MEETING

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7. The H Shares Class Meeting is estimated to last for an hour. Shareholders who attend the H Shares Class Meeting in person or by proxy shall bear their own transportation and accommodation expenses.

As at the date of this notice, the Board comprises Mr. REN Yongqiang and Mr. ZHU Maijin as executive Directors, Mr. WANG Shuqing, Mr. WANG Wei and Ms. WANG Songwen as non-executive Directors, Mr. Victor HUANG, Mr. LI Runsheng, Mr. ZHAO Jinsong and Mr. WANG Zuwen as independent non-executive Directors.