THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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).

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) DISCLOSEABLE AND CONNECTED TRANSACTIONS – CONSTRUCTION OF SIX OIL TANKERS AND (2) NOTICE OF EXTRAORDINARY GENERAL 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 5 to 16 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on page 17 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 18 to 31 of this circular. A notice convening the EGM on Monday, 26 February 2024 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-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you are able to attend the EGM, 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 the EGM 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 EGM or at any adjournment thereof should you so wish.

2 February 2024

* *For identification purposes only*

CONTENT

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
"A Shareholder(s)"	holder(s) of the A Share(s)
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"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
"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), respectively
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"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
"Director(s)"	director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be held on Monday, 26 February 2024 at 3rd Floor, Ocean Hotel, No. 1171 Dongdaming Road, Hongkou District, Shanghai, the People's Republic of China
"Group"	the Company and its subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"H Share(s)"	overseas listed foreign share(s) of par value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the Main Board of the Hong Kong Stock Exchange
"H Shareholder(s)"	holder(s) of the H Share(s) of the Company
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"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, established to advise the Independent Shareholders in respect of the Shipbuilding Contracts and the transactions contemplated thereunder
"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 in relation to the Shipbuilding Contracts and the transactions contemplated thereunder
"Independent Shareholder(s)"	the Shareholders other than COSCO SHIPPING and its associates

"Latest Practicable Date"	29 January 2024, 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 Hong Kong Stock Exchange
"MR"	Medium Range
"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, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"RMB"	Reminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	A Share(s) and H Share(s)
"Shareholder(s)"	holder(s) of the Share(s)
"Shipbuilding Contract for MR Crude Oil Tanker"	a shipbuilding contract dated 29 December 2023 entered into between the Company and COSCO SHIPPING Heavy Industry (Dalian) for the construction of one MR crude oil tanker with a deadweight of 49,900 DWT
"Shipbuilding Contracts"	Shipbuilding Contracts for Aframax Crude Oil Tankers, Shipbuilding Contracts for Panamax Crude Oil Tankers and Shipbuilding Contract for MR Crude Oil Tanker
"Shipbuilding Contracts for Aframax Crude Oil Tankers"	three shipbuilding contracts each dated 29 December 2023 entered into between COSCO SHIPPING Energy Transportation (Hainan) and COSCO SHIPPING Heavy Industry (Yangzhou) for the construction of three Aframax Green Methanol Dual Fuel crude oil tankers with a deadweight of 114,200 DWT each
"Shipbuilding Contracts for Panamax Crude Oil Tankers"	two shipbuilding contracts each dated 29 December 2023 entered into between COSCO SHIPPING Energy Transportation (Hainan) and COSCO SHIPPING Heavy Industry (Dalian) for the construction of two Panamax crude oil tankers with a deadweight of 64,900 DWT each
"Supervisor(s)"	supervisor(s) of the Company

"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"%"	per cent

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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)

Executive Directors:
Ren Yongqiang *(Chairman)*
Zhu Maijin

Non-executive Directors:
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
PRC

Principal place of business in the PRC:
7th Floor, 670 Dongdaming Road
Hongkou District, Shanghai, PRC

Principal place of business in Hong Kong:
RMS 3601-3602
36/F West Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

2 February 2024

To the Shareholders

Dear Sir/Madam,

(1) DISCLOSEABLE AND CONNECTED TRANSACTIONS – CONSTRUCTION OF SIX OIL TANKERS AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide you with, among other things, (i) further details of the Shipbuilding Contracts and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders on the Shipbuilding Contracts and the transactions contemplated thereunder; (iii) a letter from the Independent Financial Adviser

* *For identification purposes only*

containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Shipbuilding Contracts and the transactions contemplated thereunder; (iv) the notice of convening the EGM; and (v) other information as required under the Listing Rules.

SHIPBUILDING CONTRACTS FOR AFRAMAX CRUDE OIL TANKERS

Reference is made to the announcement of the Company dated 29 December 2023 in relation to, among others, the entering into the Shipbuilding Contracts by the Group in relation to the construction of six oil tankers subject to approval by the Independent Shareholders at the EGM.

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

Date

29 December 2023

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 three Aframax Green 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 RMB579 million, and the aggregate consideration for the three tankers is RMB1,737 million. The consideration (being the tanker price of each of the tankers) 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 performance of the relevant tanker; or (ii) the delay in delivery of the relevant 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.

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.

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 RMB60,000 per day, subject to a maximum aggregate amount of reduction of RMB10,800,000 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 RMB2,200,000, RMB4,200,000 and RMB1,750,000, 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 70% by bank borrowings and approximately 30% by internal financial resources.

Delivery

The delivery of the three tankers is expected to take place on or before 31 December 2026, 30 September 2027 and 30 November 2027, respectively.

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.

SHIPBUILDING CONTRACTS FOR PANAMAX CRUDE OIL TANKERS

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

Date

29 December 2023

Parties

(1) COSCO SHIPPING Energy Transportation (Hainan) (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 Tankers, COSCO SHIPPING Heavy Industry (Dalian) 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 Panamax crude oil tankers with a guaranteed deadweight of 64,900 DWT at structural draught each.

Consideration and payment terms

Pursuant to the Shipbuilding Contracts for Panamax Crude Oil Tankers, the consideration for each of the tankers is RMB416 million, and the aggregate consideration for the two tankers is RMB832 million. The consideration (being the tanker price of each of the tankers) is payable by COSCO SHIPPING Energy Transportation (Hainan) to COSCO SHIPPING Heavy Industry (Dalian) 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 performance of the relevant tanker; or (ii) the delay in delivery of the relevant 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.

Each of the Shipbuilding Contracts for Panamax 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 Panamax Crude 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 Panamax 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 Panamax 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 will be calculated based on a daily reduction rate of RMB43,000 per day, subject to a maximum aggregate amount of reduction of RMB7,740,000 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 Panamax 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 RMB1,600,000, RMB1,500,000 and RMB1,250,000, 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 (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 COSCO SHIPPING Energy Transportation (Hainan) as to approximately 70% by bank borrowings and approximately 30% by internal financial resources.

Delivery

The delivery of the two tankers is expected to take place on or before 31 October 2026 and 31 December 2026, respectively.

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 (Dalian). 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 (Dalian) may reasonably be adjusted according to the changes.

SHIPBUILDING CONTRACT FOR MR CRUDE OIL TANKER

The principal terms of the Shipbuilding Contract for MR Crude Oil Tanker are set out below:

Date

29 December 2023

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 Contract for MR Crude Oil Tanker, 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 tanker.

The tanker

The tanker is an MR crude oil tanker with a guaranteed deadweight of 49,900 DWT at structural draught.

Consideration and payment terms

Pursuant to the Shipbuilding Contract for MR Crude Oil Tanker, the consideration for the tanker is RMB349 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%, 20%, 20%, 20% and 20%, based on the shipbuilding progress.

The consideration for the tanker may be adjusted based on (i) the performance of the tanker; or (ii) the delay in delivery of the 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 Shipbuilding Contract for MR Crude Oil Tanker 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 Contract for MR Crude Oil Tanker, 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 Contract for MR Crude Oil Tanker) ("**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 Contract for MR Crude Oil Tanker) ("**270 Prescribed Days**") respectively, there will be a reduction in the price of the tanker 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 RMB36,000 per day, subject to a maximum aggregate amount of reduction of RMB6,480,000 in respect of the 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 tanker in which case all payments paid under the Shipbuilding Contract for MR Crude Oil Tanker 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 RMB1,320,000, RMB1,250,000 and RMB1,050,000, respectively for the 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 tanker, 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 70% by bank borrowings and approximately 30% by internal financial resources.

Delivery

The delivery of the tanker is expected to take place on or before 30 November 2026.

Modifications

During the construction of the tanker, the Company shall be entitled to make reasonable requests for changes to the specifications of the tanker 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.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SHIPBUILDING CONTRACTS

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, Panamax crude oil tankers and MR 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 Green Methanol Dual Fuel crude oil tankers are methanol dual fuel tankers while the Panamax crude oil tankers and the MR crude oil tanker are conventional fuel and 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.

The three Aframax Green Methanol Dual Fuel crude oil tankers will be used in the Group's domestic oil shipping and subsequently in international oil shipping to enhance its global operation capability and expand its international oil shipping market share. As to the two Panamax crude oil tankers, they will be used in transportation of offshore oil in domestic oil shipping. For the MR crude oil tanker, it will be deployed in both domestic and international trade for MR crude oil to fulfill the Group's business needs.

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, yet, there is no immediate material impact on earnings of the Group by reason only of the entering into the Shipbuilding Contracts.

RELEVANT INFORMATION ON THE PARTIES TO THE SHIPBUILDING CONTRACTS

1. Information on 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 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).

The Group is principally engaged in investment holding, PRC coastal and international oil shipment, international LNG shipment and vessel chartering.

2. Information on COSCO SHIPPING Heavy Industry (Yangzhou) and COSCO SHIPPING Heavy Industry (Dalian)

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.

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 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.

IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 2,156,350,790 A Shares, representing approximately 45.20% 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. 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 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. Wang Wei and Ms. Wang Songwen, both being non-executive Directors, hold directorship(s) or act as senior management in COSCO SHIPPING and/or its associates. Therefore, Mr. Wang Wei and Ms. Wang Songwen have abstained from voting on the relevant Board resolutions approving the Shipbuilding Contracts and the transactions contemplated thereunder. Save as aforementioned, none of the other Directors has a material interest in the Shipbuilding Contracts and the transactions contemplated thereunder and therefore no other Director has abstained from voting on such Board resolutions.

An Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the transactions contemplated under the Shipbuilding Contracts 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 Advisor has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether or not the terms of the Shipbuilding Contracts are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business so far as the Independent Shareholders are concerned and are in the interest of the Company and the Shareholders as a whole.

EGM

The EGM will be held at 3rd Floor, Ocean Hotel, No. 1171 Dongdaming Road, Hongkou District, Shanghai, the People's Republic of China on Monday, 26 February 2024 at 10:00 a.m. for the purpose of considering, and if thought fit, approving the Shipbuilding Contracts and the transactions contemplated thereunder. A notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete and return the 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 the EGM 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 EGM or at any adjournment thereof should you so wish.

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 Shareholders who has a material interest in the Shipbuilding Contracts shall abstain from voting on the resolutions to approve the Shipbuilding Contracts and the transactions contemplated thereunder at the EGM. As at the Latest Practicable Date, 619,426,195 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 2,156,350,790 A Shares, representing approximately 45.20% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING, China Shipping and theirs respective associates will be required to abstain from voting on the relevant resolutions at the EGM.

Save as disclosed above, to the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, no other Shareholder has a material interest in the transactions and will be required to abstain from voting on the relevant resolutions to approve the Shipbuilding Contracts and the transactions contemplated thereunder at the EGM.

CLOSURE OF REGISTER OF MEMBERS

For determining the H Shareholders who are entitled to attend and vote at the EGM, the H share register of members of the Company will be closed from Wednesday, 21 February 2024 to Monday, 26 February 2024, 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 Monday, 26 February 2024 at 4:30 p.m. are entitled to attend and vote at the EGM. In order to qualify for the entitlement to attend and vote at the EGM, 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 Tuesday, 20 February 2024.

RECOMMENDATION

The Directors (including the Independent Board Committee whose view is set out in the letter from the Independent Board Committee on page 17 of this circular) consider that the Shipbuilding Contracts and the transactions contemplated thereunder are fair and reasonable, and in the interest 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.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix 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)

2 February 2024

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTIONS
CONSTRUCTION OF SIX OIL TANKERS

We refer to the circular of the Company dated 2 February 2024 in relation to the Shipbuilding Contracts and the transactions contemplated thereunder (the "**Circular**") of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

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, we are 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	**Mr. Li Runsheng**	**Mr. Zhao Jinsong**	**Mr. Wang Zuwen**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*	*Independent non-executive Director*

* *For identification purposes only*

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 the Shipbuilding Contracts and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.

金聯資本
Goldlink Capital

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

2 February 2024

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

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTIONS – CONSTRUCTION OF SIX OIL TANKERS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to 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 2 February 2024 (the "**Circular**"), of which this letter forms part. Capitalized 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 29 December 2023. The Company announced that the Group entered into the Shipbuilding Contracts with COSCO SHIPPING Heavy Industry (Yangzhou) and COSCO SHIPPING Heavy Industry (Dalin) for the construction of the six oil tankers.

As at the Latest Practicable Date, COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 2,156,350,790 A Shares, representing approximately 45.20% 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. 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 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, the Independent Shareholders' approval, circular and annual reporting requirements under Chapter 14A of the Listing Rules.

Mr. Wang Wei and Ms. Wang Songwen, both being non-executive Directors, hold directorship(s) or act as senior management in COSCO SHIPPING and/or its associates. Therefore, Mr. Wang Wei and Ms. Wang Songwen have abstained from voting on the relevant Board resolution approving the Shipbuilding Contracts and the transactions contemplated thereunder. Save as aforementioned, none of the other Directors has a material interest in the Shipbuilding Contracts and the transactions contemplated thereunder and therefore no other Director has abstained from voting on such Board resolution(s).

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 established to advise the Independent Shareholders in relation to the Shipbuilding Contracts and the transactions contemplated thereunder. 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.

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 one occasion, details of which are set out in the Company's circular dated 8 June 2022 in relation to connected transaction on non-exercise of the right of first refusal. 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 1 December 2022 in relation to certain continuing connected transactions. Notwithstanding the above, the previous engagements with the Company and its connected persons would not affect our independence as the Independent Financial Adviser as we consider that the professional fees we received were at normal commercial terms and at insignificant sums which should not give rise to a perception that the 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.

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. 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 Shipbuilding Contracts and the transactions contemplated thereunder.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Shipbuilding Contracts and the transactions contemplated thereunder. 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.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background Information on the Group

1.1 Background of the Group

The Company is a joint stock limited company incorporated in the PRC, the H shares of which are listed on the 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 liquefied natural gas 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 three years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2022 and 2023, which are extracted from (i) the Company's annual reports for the year ended 31 December 2021 (the "**2021 Annual Report**") and the year ended 31 December 2022 (the "**2022 Annual Report**"); and (ii) the Company's interim report for the six months ended 30 June 2023 (the "**2023 Interim Report**").

	Six months ended 30 June		**Year ended 31 December**		
	2023	**2022**	**2022**	**2021**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	*(unaudited)*	*(audited)*	*(audited)*	*(audited)*
Revenue	11,483,491	7,474,982	18,566,795	12,644,700	16,268,197
Operating costs	(7,465,501)	(6,851,133)	(15,157,996)	(16,734,169)	(12,386,553)
Gross profit	4,017,990	623,849	3,408,799	(4,089,469)	3,881,644
Profit for the year/period attributable to equity holders of the Company	2,894,849	177,525	1,461,118	(4,985,386)	2,381,415

*For the year ended 31 December 2021 ("**FY2021**")*

According to the 2021 Annual Report, the revenue of the Group for the FY2021 was approximately RMB12.6 billion, representing a decrease of approximately 22.3% as compared to approximately RMB16.3 billion for the FY2020. Such decrease was mainly due to (i) the decrease in revenue from oil shipping from approximately RMB15.0 billion for the FY2020 to approximately RMB11.4 billion for the FY2021, mainly as a result of the decrease in revenue in international crude oil shipping business of approximately 44.6% to approximately RMB4.0 billion for the FY2021 which mainly caused by the slow recovery from the global epidemic in general; and (ii) the decrease in revenue from vessel chartering of approximately 37.9% to approximately RMB0.8 billion for the FY2021, mainly as a result of the decrease in revenue generated from international vessel chartering of approximately 41.2% to approximately RMB0.7 billion.

Profit for the year attributable to equity holders of the Company decreased significantly from approximately RMB2.4 billion for the FY2020 to a loss of approximately RMB5.0 billion for the FY2021, which was mainly attributable to (i) the decrease in revenue of approximately 22.3% as discussed above; (ii) the turnaround from gross profit for FY2020 to gross loss of approximately RMB4.1 billion for FY2021, mainly due the downturn in the international oil transportation market with a lower demand in crude oil tanker and an overall increased sea crew costs and charter costs of approximately 24.1% and 25.4%, respectively; and (iii) the increase in net impairment losses on vessel of approximately RMB4.1 billion.

*For the year ended 31 December 2022 ("**FY2022**")*

According to the 2022 Annual Report, revenue of the Group for the FY2022 was approximately RMB18.6 billion, representing an increase of approximately 46.8% as compared to approximately RMB12.6 billion for the FY2021. Such increase was mainly due to the increase in revenue in oil shipping from approximately RMB11.4 billion for the FY2021 to approximately RMB17.2 billion for the FY2022, as a result of the increase in revenue in international oil shipping of approximately 97.7% to approximately RMB11.4 billion which was mainly caused by (i) the increase in transportation demand due to (a) overall seaborne crude oil rose in 2022; (b) geopolitical events drove a gradual change in oil trade flows, with a spike in demand for small and medium-sized vessels in the Atlantic region; and (c) very large crude carrier tonne-mile demand surged in the fourth quarter as American strategic oil reserves were released, with crude tanker tonne-mile demand rising 3.8% year-on-year in FY2022; (ii) the increase in transport distance as the shift in oil trade flows also contributed to the increase in transport distance for product oil tankers, and trade behavior driven by oil arbitrage also drove demand growth of tonne-mile demand, with tonne-mile demand for product oil tankers rising 7.1% year-on-year in FY2022.

The Group recorded a turnaround from loss of approximately RMB5.0 billion in FY2021 to a profit attributable to equity holders of the Company of approximately RMB1.5 billion in FY2022, which was mainly due to (i) the increase in revenue of approximately 46.8% as discussed above; and (ii) the turnaround from gross loss of approximately RMB4.1 billion for the FY2021 to a gross profit of approximately RMB3.4 billion for the FY2022.

*For the six months ended 30 June 2023 ("**6M2023**")*

According to the 2023 Interim Report, revenue of the Group for the 6M2023 was approximately RMB11.5 billion, representing an increase of approximately 53.6% as compared to approximately RMB7.5 billion for the six months ended 30 June 2022. Such increase was mainly due to the increase in revenue oil shipping of approximately 54.6% to approximately RMB10.6 billion for the 6M2023, as a result of the increase in revenue in international oil shipping of approximately 92.8% to approximately RMB7.6 billion as the demand for petroleum gradually recovered and surpassed pre-pandemic levels for the 6M2023 and the international geopolitics and economic conditions still exert a continuous impact on the oil transportation market, and the global oil trade structure is deeply reconfigured, promoting the year-on-year growth in transportation demand in both crude oil shipping and product oil shipping.

The Group recorded a substantial increase in profit attributable to equity holders of the Company from approximately RMB177.5 million for the six months ended 30 June 2022 to approximately RMB2.9 billion for the 6M2023, which was mainly due to (i) the increase in revenue of approximately 53.6% as discussed above; (ii) the increase in gross profit of approximately 544.1% to approximately RMB4.0 billion for the 6M2023; and (iii) the increase in other income and gains of approximately 194.0% to approximately RMB704.2 million mainly because of an one-off gain of approximately RMB397.8 million from the gain on disposal of property, plant and equipment.

1.3 Financial position on the Group

	As at 30 June	As at 31 December		
	2023	**2022**	**2021**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	*(audited)*	*(audited)*	*(audited)*
Non-current assets	61,602,870	59,867,496	52,902,806	58,080,384
Current assets	9,653,549	8,382,586	6,486,131	7,879,473
Current liabilities	9,755,851	10,590,517	13,337,825	9,892,842
Non-current liabilities	25,061,928	24,089,175	16,128,829	20,464,669
Equity attributable to equity holders of the Company	34,312,738	31,570,483	28,591,046	34,621,828

As at 31 December 2021, total assets of the Group amounted to approximately RMB59.4 billion, representing a decrease of approximately RMB6.6 billion as compared to that as at 31 December 2020. Such decrease was mainly due to the decrease in non-current assets as a result of (i) the decrease in property, plant and equipment from approximately RMB48.5 billion as at 31 December 2020 to approximately RMB43.3 billion as at 31 December 2021, mainly due to the impairment loss on vessels of approximately RMB4.6 billion; (ii) the decrease in right-of-use assets from approximately RMB1.7 billion as at 31 December 2020 to approximately RMB0.9 billion as at 31 December 2021 and (iii) the decrease in cash and cash equivalents of approximately RMB1.3 billion as a result of the decrease in net cash generated from operating activities. As at 31 December 2021, total liabilities of the Group amounted to approximately RMB29.5 billion, which was at similar level to that as at 31 December 2020.

As at 31 December 2022, total assets of the Group amounted to approximately RMB68.3 billion, representing an increase of approximately RMB8.9 billion, mainly due to the increase in investments in associates of approximately RMB1.6 billion; the increase in investments in joint ventures of approximately RMB1.3 billion; and increase in property, plant and equipment of approximately RMB3.9 billion. As at 31 December 2022, total liabilities of the Group increased to approximately RMB34.7 billion, which was mainly due to the increase in non-current portion of interest-bearing bank and other borrowings from approximately RMB12.7 billion as at 31 December 2021 to approximately RMB20.7 billion as at 31 December 2022.

As at 30 June 2023, total assets of the Group amounted to approximately RMB71.3 billion, representing an increase of approximately RMB3.0 billion, mainly due to the increase in property, plant and equipment of approximately RMB1.0 billion and increase in cash and bank of approximately RMB1.0 billion, mainly because of net cash generated from operating activities of approximately RMB4.6 billion. As at 30 June 2023, total liabilities of the Group amounted to approximately RMB34.8 billion, which was at similar level to that as at 31 December 2022.

As a result of the foregoing, the total equity attributable to the equity holders of the Company as at 31 December 2020, 2021, 2022 and as at 30 June 2023 amounted to RMB34.6 billion, RMB28.6 billion, RMB31.6 billion and RMB34.3 billion, respectively.

2. Background Information on the builders and sellers

COSCO SHIPPING Heavy Industry (Yangzhou) is a company incorporated under the laws of the PRC with limited liability and is principally engaged in the construction, repair and conversion of vessels. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, it is an indirect wholly-owned subsidiary of COSCO SHIPPING as at the Latest Practicable Date.

COSCO SHIPPING Heavy Industry (Dalian) is a company incorporated under the laws of the PRC with limited liability and is principally engaged in the construction, repair and conversion of vessels. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, it is an indirect wholly-owned subsidiary of COSCO SHIPPING as at the Latest Practicable Date.

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.

3. The Shipbuilding Contracts

According to the Shipbuilding Contracts, it is agreed that (i) COSCO SHIPPING Heavy Industry (Yangzhou) to design, build, launch, equip and complete at the shipyard, and sell and deliver to the Group, and the Group has agreed to purchase and take delivery of three Aframax Green Methanol Dual Fuel crude oil tankers; and (ii) COSCO SHIPPING Heavy Industry (Dalian) to design, build, launch, equip and complete at the shipyard, and sell and deliver to the Group, and the Group has agreed to purchase and take delivery of (a) two Panamax crude oil tankers and (b) an MR crude oil tanker.

3.1 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:

Optimize the age of the oil tanker fleet to enhance the core competitiveness of the fleet

Based on our discussion with the management of the Company, we are given to understand that the average age of its own fleets is approximately 11.4 years while the number of vessels over 15 years old and over 20 years old account for 26.9% and 2.3% of the total number of vessels, respectively. Among the vessels owned by the Group, the average age of Aframax crude oil tankers is 12.0 years, the average age of Panamax crude oil tankers is 14.2 years, and the average age of MR tankers is 14.05 years. By 2026, the Group will have 3 Aframax crude oil tankers with an aggregate 327,900 DWT, 9 Panamax crude oil tankers with an aggregate 672,300 DWT, and 10 MR tankers with an aggregate 420,900 DWT with an age of more than 20 years old, which accounted for 32.8%, 62.1% and 25.9% of the DWT of its Aframax crude oil tanker, Panamax crude oil tanker and MR tanker fleet respectively. We further understand from the management of the Company that the overall age of the Group's fleet of small and medium-sized oil tankers such as Aframax crude oil tankers, Panamax crude oil tankers and MR tankers is relatively older as compared with other competitors.

Based on the above, the Directors consider that the Group should 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.

Maintaining domestic oil shipping market share and expanding international oil shipping market share

As advised by the management of the Company, the new oil tankers to be constructed under the Shipbuilding Contracts will be mainly deployed for domestic oil shipping. According to the 2023 Interim Report, the Group will exploit the leading advantages in domestic trade and consolidate the efficiency of the fleet. Based on our discussion with the management of the Company, we understand that it is the Group's intention to maintain market share and fleet size of its domestic market by renewing old shipping capacity. Moreover, we understand that in recent years, 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. As discussed above, 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. As such, the Directors are of the view that the Group's domestic oil shipping capacities need to be upgraded with an aim to further consolidate and enhance the Group's domestic oil shipping fleet in order to maintain its overall profitability.

Further, as advised by the management of the Company, Aframax crude oil tankers can also be deployed to international oil shipping and there is an increasing demand of this vessel type for international routes due to its moderate deadweight. As such, the Aframax crude oil tankers to be constructed under the Shipbuilding Contracts can be deployed to international oil shipping market with an aim to enhance the Group's global operation capability to expand its international oil shipping market share.

Promoting the development of green and low carbon shipping

As advised by the management of the Company, 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 crude oil tankers are methanol dual fuel tankers while the Panamax crude oil tankers and the MR tanker are conventional fuel and methanol (ready) tankers. The management of the Company is of the view that such type of tankers under the Shipbuilding Contracts is able to promote the optimization and adjustment of the fleet structure to a green and low-carbon direction.

After taking into consideration of the above, we concur with the view of the Directors that although the entering into of the Shipbuilding Contract is not in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole.

3.2 Key terms of the Shipbuilding Contracts

Shipbuilding Contracts for Aframax Crude Oil Tankers

Date:	29 December 2023
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 three Methanol Dual Fuel Aframax crude oil tankers with 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 approximately RMB579 million, and the aggregate consideration for the three Tankers is RMB1,737 million. The consideration (being the tanker price of each of the Tankers) 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 performance of the relevant tanker; or (ii) the delay in delivery of the relevant 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. Please refer to the Letter from the Board for details of adjustment mechanism on the consideration.

Shipbuilding Contracts for Panamax Crude Oil Tankers

Date:	29 December 2023
Parties:	(1) COSCO SHIPPING Energy Transportation (Hainan) (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 Tankers, COSCO SHIPPING Heavy Industry (Dalian) 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 Panamax crude oil tankers with guaranteed deadweight of 64,900 DWT at structural draught each

Consideration and payment terms:	Pursuant to the Shipbuilding Contracts for Panamax Crude Oil Tankers, the consideration for each of the tankers is approximately RMB416 million, and the aggregate consideration for the two tankers is RMB832 million The consideration (being the tanker price of each of the tankers) is payable by COSCO SHIPPING Energy Transportation (Hainan) to COSCO SHIPPING Heavy Industry (Dalian) 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 performance of the relevant tanker; or (ii) the delay in delivery of the relevant 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. Please refer to the Letter from the Board for details of adjustment mechanism on the consideration.

Shipbuilding Contract for MR Crude Oil Tanker

Date:	29 December 2023
Parties:	(1) The Company (as the buyer); (2) COSCO SHIPPING Heavy Industry (Dalian) (as the builder and seller)
Subject matter:	Pursuant to the Shipbuilding Contract for MR Crude Oil Tanker, 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 tanker
The Tankers:	The tanker is a MR crude oil tanker with a guaranteed deadweight of 49,900 DWT at structural draught
Consideration and payment terms:	Pursuant to the Shipbuilding Contract for MR Crude Oil Tanker, the consideration for the Tanker is RMB349 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%, 20%, 20%, 20% and 20%, respectively based on the shipbuilding progress.

The consideration for each tanker may be adjusted based on (i) the performance of the relevant tanker; or (ii) the delay in delivery of the relevant 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. Please refer to the Letter from the Board for details of adjustment mechanism on the consideration.

3.3 Fairness and reasonableness of the consideration under the Shipbuilding Contracts

As stated in the Letter from the Board, the consideration was determined after arm's length negotiations between the Group and the builders and sellers with reference to the market price for the construction of comparable tankers by major ship builders in the market.

In the course of negotiating the consideration for the tankers and to reach the final terms of the Shipbuilding Contracts, the Group sent enquiries to a number of shipyards in the PRC, selected the target shipyards 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 shipyards in respect of the technical and commercial aspects.

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 quotations from a number of independent ship builders (the "**Comparable Ship Builders**") on the same specifications of the oil tankers to be constructed under the Shipbuilding Contracts. We understand that the Comparable Ship Builders 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 published by China Association of the National Shipbuilding Industry* (中國船舶工業行業協會) (http://www.cansi.org.cn/cms/document/19130.html), from January 2023 to November 2023, among the top 10 ship builders in the PRC in terms of completed ships, 6 of which are subsidiaries of that state-owned enterprise while 2 of which are the subsidiaries of COSCO SHIPPING. Moreover, as per the statistics published by Clarkson Research Services Limited, a research arm of Clarkson Plc which is an international provider of integrated shipping services, that state-owned enterprise's orders obtained in 2023 in terms of DWT amounted to approximately 23.8 million DWT, which is more than two times higher than that of COSCO SHIPPING. Given its shipbuilding leader position in the globe and the wide operating arms through a number of entities as ship builders, it is inevitable that the Group sources quotations from leading ship builders who are ultimately owned by that state-own enterprise. Despite so, we note each of the Comparable Ship Builders are under the structure of different listed 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 Comparable Ship Builders are fair representations of the market prices and they are appropriate references in assessing the consideration of the Shipbuilding Contracts.

In respect of the Aframax Crude Oil Tankers, we understand that the Group has obtained quotations on the same specifications from 3 Comparable Ship Builders and COSCO SHIPPING Heavy Industry (Yangzhou) respectively. Based on the information provided by the management of the Company, we understand that the quotations from the 3 Comparable Ship Builders ranged from US$73.5 million (pre-value-added tax of 13% (VAT)) to US$74.3 million (pre-VAT) while the final quotation from COSCO SHIPPING Heavy Industry (Yangzhou) is RMB579 million (VAT inclusive), which is equivalent to approximately US$71.9 million (assuming pre-VAT and at the exchange rate of US$1 to RMB7.13). Accordingly, the final quotation from COSCO SHIPPING Heavy Industry (Yangzhou) is more favourable than 3 other quotations from the Comparable Ship Builders.

In respect of the Panamax Crude Oil Tankers, we understand that the Company has obtained quotations on the same specifications from 2 Comparable Ship Builders and COSCO SHIPPING Heavy Industry (Dalian) respectively. Based on the information provided by the management of the Company, we understand that the quotations from the 2 Comparable Ship Builders are both US$55 million (pre-VAT) while the final quotation from COSCO SHIPPING Heavy Industry (Dalian) is RMB416 million (VAT inclusive), which is equivalent to approximately US$51.6 million (assuming pre-VAT and at the exchange rate of US$1 to RMB7.13). Accordingly, the final quotation from COSCO SHIPPING Heavy Industry (Dalian) is more favourable than 2 other quotations from the Comparable Ship Builders.

In respect of the MR Crude Oil Tanker, we understand that the Company has obtained quotations on the same specifications from 2 Comparable Ship Builders and COSCO SHIPPING Heavy Industry (Dalian) respectively. Based on the information provided by the management of the Company, we understand that the quotations from the 2 Comparable Ship Builders are RMB360 million (VAT inclusive) and US$48 million (pre-VAT) (equivalent to approximately RMB386.7 million (VAT inclusive) at the exchange rate of US$1 to RMB7.13) while the final quotation from COSCO SHIPPING Heavy Industry (Dalian) is RMB349 million (VAT inclusive). Accordingly, the final quotation from COSCO SHIPPING Heavy Industry (Dalian) is more favourable than 2 other quotations from the Comparable Ship Builders.

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 performance of the relevant tanker; or (ii) the delay in delivery of the relevant tanker exceeding certain agreed time limits as stipulated in the relevant shipbuilding contracts. We have discussed with the management of the Company and understand that before delivery of the tankers, the Company will perform relevant trial tests including but not limited to speed, deadweight tonnage and fuel consumption rate. If (i) the results of the trial tests do not conform to the requirements as stipulated in the Shipbuilding Contracts; and (ii) there exists late delivery exceeding prescribed schedule, there will be a downward adjustments in price of relevant tankers. As such, the price adjustment mechanism is included with an intention to protect the Group from being overpaid should the builders and sellers fail to perform or the specifications of the tankers fall short of the requirements as stipulated in the Shipbuilding Contracts. In addition, we have also obtained and reviewed 2 shipbuilding contracts which were lastly entered into between the Group and independent third parties and note that price adjustment mechanisms were also included in those contracts and the terms of which are comparable to that of the Shipbuilding Contracts. 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.

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

RECOMMENDATION

Having taken into account the above-mentioned principal factors and reasons, we are of the view that although the entering into the Shipbuilding Contracts is not in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole and the terms of the Shipbuilding Contracts and the transactions contemplated thereunder 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 resolution to be proposed at the EGM to approve the Shipbuilding Contracts and the transactions contemplated thereunder.

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*

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

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	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 relevant 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	111,400(L)	0.00336%	0.00069%
		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	213,000(L)	0.00579%	0.00157%
COSCO SHIPPING Ports Limited	Mr. Yang Lei	Beneficial owner	Ordinary shares	26,597(L)	0.00075%	0.00075%
COSCO SHIPPING International (Hong Kong) Co., Ltd.	Mr. Yang Lei	Beneficial owner	Ordinary shares	660,000(L)	0.04502%	0.04502%

Notes:

(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 interest in 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.

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
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 director of each of COSCO SHIPPING (Korea) Co., Ltd. and COSCO SHIPPING Investment Dalian Co., Ltd.

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 were 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 2022, 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 2022 (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 2 February 2024 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 ADVERSE CHANGE

Save as the potential investment loss mentioned in the announcement of the Company dated 23 January 2024, 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 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up.

9. MISCELLANEOUS

This circular is in both English and Chinese. In the event of inconsistency, the English version of this circular shall prevail over the Chinese version.

10. DOCUMENTS ON DISPLAY

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

(a) the Shipbuilding Contracts for Aframax Crude Oil Tankers;

(b) the Shipbuilding Contracts for Panamax Crude Oil Tankers;

(c) the Shipbuilding Contract for MR Crude Oil Tanker;

(d) the letter from the Board, the text of which is set out in pages 5 to 16 of this circular;

(e) the letter from the Independent Board Committee, the text of which is set out in page 17 of this circular;

(f) the letter from the Independent Financial Adviser, the text of which is set out in pages 18 to 31 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 I.

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 Monday, 26 February 2024 (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 2 February 2024.

ORDINARY RESOLUTIONS

1. To approve, confirm and ratify the Shipbuilding Contracts for Aframax Crude Oil Tankers dated 29 December 2023 entered into between the COSCO SHIPPING Energy Transportation (Hainan) and COSCO SHIPPING Heavy Industry (Yangzhou) in relation to the construction of three Aframax Green Methanol Dual Fuel crude oil tankers with a guaranteed deadweight of 114,200 DWT at structural draught each, 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.

2. To approve, confirm and ratify the Shipbuilding Contracts for Panamax Crude Oil Tankers dated 29 December 2023 entered into between the COSCO SHIPPING Energy Transportation (Hainan) and COSCO SHIPPING Heavy Industry (Dalian) in relation to the construction of two Panamax crude oil tankers with a guaranteed deadweight of 64,900 DWT at structural draught each, and the transactions contemplated thereunder; and to authorize the directors of the Company to exercise all powers which

* *For identification purposes only*

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 Panamax Crude Oil Tankers.

3. To approve, confirm and ratify the Shipbuilding Contract for MR Crude Oil Tanker dated 29 December 2023 entered into between the Company and COSCO SHIPPING Heavy Industry (Dalian) in relation to the construction of an MR crude oil tanker with a guaranteed deadweight of 49,900 DWT at structural draught, 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 MR Crude Oil Tanker.

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

Shanghai, the PRC
2 February 2024

Notes:

1. For the purpose of holding the EGM, the register of H Shares members of the Company (the "**Register of Members**") will be closed from Wednesday, 21 February 2024, to Monday, 26 February 2024 (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 Monday, 26 February 2024 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 Tuesday, 20 February 2024.

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:

   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

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 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.

* *For identification purposes only*