

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)**

**MAJOR TRANSACTIONS AND CONTINUING CONNECTED  
TRANSACTIONS**

**MAJOR TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS**

The Existing Framework Agreements will expire on 31 December 2021. In light of the Company's intention to continue entering into transactions of a similar nature from time to time after such expiry date, on 12 November 2021 (after trading hours), the Company and COSCO SHIPPING entered into the 2021 Framework Agreements, which include (i) the 2021 Financial Services Framework Agreement, (ii) the 2021 Shipping Materials and Services Framework Agreement, (iii) the 2021 Sea Crew Framework Agreement, (iv) the 2021 Services Framework Agreement, (v) the 2021 Lease Framework Agreement, and (vi) the 2021 Trademark License Agreement.

**THE 2021 FINANCIAL SERVICES FRAMEWORK AGREEMENT**

Pursuant to the 2021 Financial Services Framework Agreement, COSCO SHIPPING shall procure COSCO SHIPPING Finance, a company controlled by COSCO SHIPPING, to provide the Group with a range of financial services.

\* *For identification purposes only*

## **THE 2021 SHIPPING MATERIALS AND SERVICES FRAMEWORK AGREEMENT, THE 2021 SEA CREW FRAMEWORK AGREEMENT AND THE 2021 SERVICES FRAMEWORK AGREEMENT**

Pursuant to the 2021 Shipping Materials and Services Framework Agreement, the 2021 Sea Crew Framework Agreement and the 2021 Services Framework Agreement, the Company and COSCO SHIPPING agreed to provide each other's group (and/or the associates of COSCO SHIPPING) with the Shipping Materials and Services, and the COSCO SHIPPING Group and/or its associates may provide the Group with the Crew Services and the Miscellaneous Services.

## **THE 2021 LEASE FRAMEWORK AGREEMENT**

Pursuant to the 2021 Lease Framework Agreement, the Company and COSCO SHIPPING agreed to provide each other's group (and/or the associates of COSCO SHIPPING) with the Leasing Services.

## **THE 2021 TRADEMARK LICENSE AGREEMENT**

Pursuant to the 2021 Trademark License Agreement, COSCO SHIPPING shall grant a non-exclusive license to the Company and its subsidiaries with the right to use certain trademarks at the rate of RMB1.00 per annum.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, 619,426,195 A shares are directly held by COSCO SHIPPING and 1,536,924,595 A shares are 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 45.28% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING is a controlling shareholder of the Company, and therefore COSCO SHIPPING, China Shipping and COSCO SHIPPING Finance are connected persons of the Company within the meaning of the Listing Rules.

The transactions pursuant to the 2021 Financial Services Framework Agreement, the 2021 Shipping Materials and Services Framework Agreement, the 2021 Sea Crew Framework Agreement, the 2021 Services Framework Agreement, the 2021 Lease Framework Agreement and the 2021 Trademark License Agreement constitute continuing connected transactions of the Company as such agreements were entered into with COSCO SHIPPING.

Mr. Ren Yongqiang, being an executive Director, and Mr. Zhang Qinghai and Mr. Liu Zhusheng, being the non-executive Directors, hold positions in COSCO SHIPPING and/or its subsidiaries other than the Group. Accordingly, Mr. Ren Yongqiang, Mr. Zhang Qinghai and Mr. Liu Zhusheng have abstained from voting on the relevant Board resolutions approving the 2021

Framework Agreements, and the transactions and the proposed annual caps contemplated thereunder. Save as aforementioned, none of the other Directors has a material interest in the 2021 Framework Agreements and the transactions contemplated thereunder and hence no other Director has abstained from voting on such Board resolutions.

### **The 2021 Financial Services Framework Agreement**

In respect of the deposit services under the 2021 Financial Services Framework Agreement, the placement of deposits by the Group with COSCO SHIPPING Finance constitutes a transaction under Chapter 14 of the Listing Rules. The applicable percentage ratios in connection with such placement of deposits are expected to be more than 25% but less than 100% on an annual basis. Therefore, such transactions constitute major and continuing connected transactions of the Company which are subject to the major transaction requirements (including the reporting, announcement and shareholders' approval) under Chapter 14 of the Listing Rules and the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of the loan services under the 2021 Financial Services Framework Agreement, pursuant to Rule 14A.90 of the Listing Rules, such transactions are exempt from all reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of the foreign exchange services, settlement services and other financial services under the 2021 Financial Services Framework Agreement, the applicable percentage ratios for all future transactions that may take place between the Group and COSCO SHIPPING Finance in respect of such services are expected to be less than 0.1% on an annual basis. Accordingly, pursuant to Rule 14A.76(1)(a) of the Listing Rules, such transactions are exempt from all reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Should such transactions exceed the exemption threshold in the future, the Group will re-comply with the applicable Listing Rules.

### **The 2021 Shipping Materials and Services Framework Agreement, the 2021 Sea Crew Framework Agreement and the 2021 Services Framework Agreement**

In respect of the provision of the Shipping Materials and Services, the Crew Services and the Miscellaneous Services by the COSCO SHIPPING Group and/or its associates to the Group under the 2021 Shipping Materials and Services Framework Agreement, the 2021 Sea Crew Framework Agreement and the 2021 Services Framework Agreement respectively, as the applicable percentage ratios, when aggregated, are expected to be more than 25% but less than 100% on an annual basis, such transactions constitute major and continuing connected transactions of the Company which are subject to the major transaction requirements (including the reporting,

announcement and shareholders' approval) under Chapter 14 of the Listing Rules and the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of the provision of the Shipping Materials and Services by the Group to the COSCO SHIPPING Group and/or its associates under the 2021 Shipping Materials and Services Framework Agreement, as the applicable percentage ratios are expected to be more than 0.1% but less than 5% on an annual basis, such transactions constitute continuing connected transactions of the Company which are subject to the reporting, annual review and announcement requirements but exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **The 2021 Lease Framework Agreement**

In respect of the leasing of certain properties by the COSCO SHIPPING Group and/or its associates to the Group under the 2021 Lease Framework Agreement, the applicable percentage ratios are expected to be less than 0.1% on an annual basis. Accordingly, pursuant to Rule 14A.76(1)(a) of the Listing Rules, such transactions are exempt from all reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Should such transactions exceed the exemption threshold in the future, the Group will re-comply with the applicable Listing Rules.

In respect of the leasing of certain properties by the Group to the COSCO SHIPPING Group and/or its associates under the 2021 Lease Framework Agreement, the applicable percentage ratios are expected to be less than 0.1% on an annual basis. Accordingly, pursuant to Rule 14A.76(1)(a) of the Listing Rules, such transactions are exempt from all reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Should such transactions exceed the exemption threshold in the future, the Group will re-comply with the applicable Listing Rules.

As the applicable percentage ratios are expected to be less than 0.1% on an annual basis, pursuant to Rule 14A.76(1)(a) of the Listing Rules, such transactions under the 2021 Lease Framework Agreement are exempt from all reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Should such transactions exceed the exemption threshold in the future, the Group will re-comply with the applicable Listing Rules.

### **The 2021 Trademark License Agreement**

In respect of the non-exclusive license granted by COSCO SHIPPING to the Company and its subsidiaries for using certain trademarks owned by COSCO SHIPPING under the 2021 Trademark License Agreement, as the applicable percentage ratios are expected to be less than 0.1% on an annual basis, pursuant to Rule 14A.76(1)(a) of the Listing Rules, such transactions are exempt

from all reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Should such transactions exceed the exemption threshold in the future, the Group will re-comply with the applicable Listing Rules.

## **SHANGHAI LISTING RULES IMPLICATIONS**

Pursuant to the Shanghai Listing Rules, transaction amounts under all types of related party transactions entered into in the ordinary and usual course of business of the Company and entered into between the Company and the same related party within a 12-month period should be aggregated (save for those which have complied with the relevant approval and/or disclosure procedures), and if the total aggregated transaction amount exceeds 5% of the net asset value of the Group as at the end of the preceding financial year, such related party transactions should be presented to a general meeting for the Independent Shareholders' approval.

As the transactions contemplated under the 2021 Framework Agreements also constitute related party transactions entered into in the ordinary and usual course of business of the Company under the Shanghai Listing Rules and were all entered into between the Company and COSCO SHIPPING, all the proposed annual caps in the 2021 Framework Agreements shall be aggregated pursuant to the requirements under the Shanghai Listing Rules. It is expected that such aggregated amount would exceed 5% of the net asset value of the Group as at 31 December 2020. Accordingly, ordinary resolutions will be proposed at the EGM for the Independent Shareholders to consider and, if thought fit, approve the 2021 Framework Agreements, and the transactions and the proposed annual caps contemplated thereunder.

## **GENERAL**

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether (i) the 2021 Financial Services Framework Agreement, and the transactions and the proposed annual caps contemplated thereunder, and (ii) the 2021 Shipping Materials and Services Framework Agreement, the 2021 Sea Crew Framework Agreement and the 2021 Services Framework Agreement, and the transactions and the proposed annual caps contemplated thereunder are entered into on normal commercial terms or better and in the ordinary course of business of the Group, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Independent Financial Adviser has been appointed to advise and make recommendation to the Independent Board Committee and the Independent Shareholders in relation to (i) the 2021 Financial Services Framework Agreement, and the transactions and the proposed annual caps contemplated thereunder, and (ii) the 2021 Shipping Materials and Services Framework Agreement, the 2021 Sea Crew Framework Agreement and the 2021 Services Framework Agreement, and the transactions and the proposed annual caps contemplated thereunder in accordance with the Listing Rules.

The EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, to approve, among others, the 2021 Framework Agreements, and the transactions and the proposed annual caps contemplated thereunder.

A circular containing, among other things, (i) further details of the 2021 Framework Agreements, (ii) the recommendation from the Independent Board Committee to the Independent Shareholders, (iii) the letter of advice from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders, and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before 2 December 2021 in accordance with the Listing Rules. COSCO SHIPPING, China Shipping and their respective associates will abstain from voting at the EGM in relation to the 2021 Framework Agreements, and the transactions and the proposed annual caps contemplated thereunder.

## **BACKGROUND INFORMATION**

References are made to the announcements of the Company dated 12 November 2018 and 17 December 2018 and the circular of the Company dated 30 November 2018, in connection with, among other things, (i) the Existing Financial Services Framework Agreement, (ii) the Existing Shipping Materials and Services Framework Agreement, (iii) the Existing Sea Crew Framework Agreement, (iv) the Existing Services Framework Agreement, and (v) the Existing Lease Framework Agreement. The Company and COSCO SHIPPING also entered into the Existing Trademark License Agreement on 1 January 2021.

### **In respect of the 2021 Financial Services Framework Agreement**

Pursuant to the Existing Financial Services Framework Agreement, COSCO SHIPPING Finance may provide the Group with a range of financial services including (i) deposit services, (ii) loan services, (iii) settlement services, (iv) foreign exchange services, and (v) other financial services as approved by CBIRC. The term of the Existing Financial Services Framework Agreement will expire on 31 December 2021.

On 12 November 2021 (after trading hours), the Company and COSCO SHIPPING entered into the 2021 Financial Services Framework Agreement, pursuant to which COSCO SHIPPING shall procure COSCO SHIPPING Finance, a company controlled by COSCO SHIPPING, to provide the Group with similar services under the Existing Financial Services Framework Agreement for the three years ending 31 December 2024.

### **In respect of the 2021 Shipping Materials and Services Framework Agreement, the 2021 Sea Crew Framework Agreement and the 2021 Services Framework Agreement**

Pursuant to the Existing Shipping Materials and Services Framework Agreement, the Existing Sea Crew Framework Agreement and the Existing Services Framework Agreement, the Company and COSCO SHIPPING agreed to provide each other's group (and/or the associates of COSCO

SHIPPING) with the Shipping Materials and Services, the Crew Services and the Miscellaneous Services. The terms of each of the Existing Shipping Materials and Services Framework Agreement, the Existing Sea Crew Framework Agreement and the Existing Services Framework Agreement will expire on 31 December 2021.

On 12 November 2021 (after trading hours), the Company and COSCO SHIPPING entered into (i) the 2021 Shipping Materials and Services Framework Agreement, pursuant to which the Company and COSCO SHIPPING will provide each other's group (and/or the associates of COSCO SHIPPING) with the Shipping Materials and Services, (ii) the 2021 Sea Crew Framework Agreement, pursuant to which COSCO SHIPPING (and/or the associates of COSCO SHIPPING) will provide to the Group with the Crew Services, and (iii) the 2021 Services Framework Agreement, pursuant to which COSCO SHIPPING (and/or the associates of COSCO SHIPPING) will provide the Group with the Miscellaneous Services. The term of each of the 2021 Shipping Materials and Services Framework Agreement, the 2021 Sea Crew Framework Agreement, and the 2021 Services Framework Agreement will expire on 31 December 2024.

#### **In respect of the 2021 Lease Framework Agreement**

Pursuant to the Existing Lease Framework Agreement, the Company and COSCO SHIPPING agreed to provide each other's group (and/or the associates of COSCO SHIPPING) with the Leasing Services. The term of the Existing Lease Framework Agreement will expire on 31 December 2021.

On 12 November 2021 (after trading hours), the Company and COSCO SHIPPING entered into the 2021 Lease Framework Agreement, pursuant to which the Company and COSCO SHIPPING will provide each other's group (and/or the associates of COSCO SHIPPING) with the Leasing Services for the three years ending 31 December 2024.

#### **In respect of the 2021 Trademark License Agreement**

Pursuant to the Existing Trademark License Agreement, COSCO SHIPPING granted the non-exclusive license to the Company and its subsidiaries for using certain trademarks owned by COSCO SHIPPING. The term of the Existing Trademark License Agreement will expire on 31 December 2021.

On 12 November 2021 (after trading hours), the Company and COSCO SHIPPING entered into the 2021 Trademark License Agreement, pursuant to which COSCO SHIPPING has granted a non-exclusive license to the Company and its subsidiaries with the right to use certain trademarks at the rate of RMB1.00 per annum for the three years ending 31 December 2024.

#### **2021 FINANCIAL SERVICES FRAMEWORK AGREEMENT**

Date: 12 November 2021 (after trading hours)

Parties: COSCO SHIPPING (as provider of services)  
The Company (as recipient of services)

### **The Financial Services to be Provided**

Pursuant to the 2021 Financial Services Framework Agreement, COSCO SHIPPING Finance will provide the Group with a range of financial services including (i) deposit services, (ii) loan services, (iii) settlement services, (iv) foreign exchange services, and (v) other financial services as approved by CBIRC.

### **Pricing Policy**

Under the 2021 Financial Services Framework Agreement:

- (a) COSCO SHIPPING Finance may accept deposits from the Group at interest rates not lower, and thus no less favorable, than (i) the relevant rates stipulated by the PBC for similar type of deposits; and (ii) the market interest rates (which refers to interest rates for similar type of deposits offered by independent third party commercial banks in their ordinary course of business in the same or neighboring areas under normal commercial terms); in addition, in determining the interest rates COSCO SHIPPING Finance should also make reference to the interest rates offered by COSCO SHIPPING Finance to similar companies of the COSCO SHIPPING Group;
- (b) COSCO SHIPPING Finance may provide loans to the Group at interest rates not higher than (a) the upper limit of the relevant rates stipulated by the PBC for similar type of loans; and (b) the market interest rates (which refers to interest rates for similar type of loans offered by independent third party commercial banks in their ordinary course of business in the same or neighboring areas under normal commercial terms); in addition, the terms of the loans shall be better than (i) the terms offered to the Group by independent third parties for similar type of loans; and (ii) the terms offered by COSCO SHIPPING Finance for similar type of loans to independent third parties with the same credit rating;
- (c) COSCO SHIPPING Finance will not charge the Group any fees for the provision of settlement services for the time being; and
- (d) The fees charged by COSCO SHIPPING Finance for the provision of foreign exchange services and other financial services shall be (i) in accordance with the requirements stipulated by the PBC or CBIRC for similar type of services (if applicable); (ii) not higher than the fees charged by independent third party commercial banks for similar type of services to the Group; and (iii) the fees charged by COSCO SHIPPING Finance for similar type of services to independent third parties with the same credit rating.



## Internal Control Measures

To ensure sufficient protection of the Shareholders' interest, the Company will adopt, including but not limited to, the following internal control procedures in connection with its utilization of the financial services provided by COSCO SHIPPING Finance:

- (a) Before the Group places any deposits which has a term of three months or more, enters into any loan agreements or any financial services agreements with COSCO SHIPPING Finance, the Company will obtain at least three quotations from independent financial institutions for similar type of services (for instance, in respect of loan services, a loan of the same duration or the same nature);
- (b) In respect of services with transaction amounts less than RMB1 million, quotations of such services together with the offer from COSCO SHIPPING Finance will forthwith be disclosed to the chief financial officer of the Company for review and approval;
- (c) In respect of services with transaction amounts equal to or more than RMB1 million, quotations of such services together with the offer from COSCO SHIPPING Finance will forthwith be disclosed to the chief financial officer of the Company for review. The chief financial officer of the Company will then seek approval from the general manager of the Company or the Board, as appropriate, on whether to accept COSCO SHIPPING Finance's offer;
- (d) All borrowings from COSCO SHIPPING Finance will be conducted in accordance with the terms approved by the chief financial officer, the general manager or the Board, as appropriate;
- (e) The Company will report to the independent non-executive Directors every six months on:
  - (i) the loan or credit facilities agreements entered into with COSCO SHIPPING Finance together with information on the comparable quotations obtained from the independent commercial banks; and
  - (ii) any changes in the credit ratings of COSCO SHIPPING Finance during the preceding six-month period; and
- (f) The Company will monitor the status of the deposits on a monthly basis through the internet banking services provided by COSCO SHIPPING Finance.

To manage the risks of the Group in utilizing the financial services provided by COSCO SHIPPING Finance, the 2021 Financial Services Framework Agreement requires COSCO SHIPPING Finance:

- (a) To take appropriate measures to ensure the security of its information technology system is secured with security level commensurate with other commercial banks;

- (b) To comply with risk management protocols and guidelines promulgated by the CBIRC and the relevant laws and regulations;
- (c) To provide the Company with a copy of every regulatory report submitted by COSCO SHIPPING Finance to CBIRC;
- (d) To provide the Company with a copy of the monthly financial statements of COSCO SHIPPING Finance in the following month;
- (e) To obtain the approval of the Company prior to engaging in investment of long term securities; and
- (f) To inform the Company of any material adverse event and to take appropriate measures to prevent the occurrence or to minimize the impact of the material adverse event.

### Historical transaction amounts

The table below sets forth the historical transaction amounts of the financial services provided by COSCO SHIPPING Finance to the Company and its subsidiaries for the two years ended 31 December 2020 and the six months ended 30 June 2021 under the Existing Financial Services Framework Agreement:

<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2020</b>	<b>For the six months ended 30 June 2021</b>
<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>

### Deposit Services

Maximum daily  
outstanding balance  
of deposits  
(including accrued  
interest and  
handling fee) placed  
by the Group with  
COSCO SHIPPING  
Finance <sup>Note 1</sup>

2,740,407

3,216,186

3,188,274

<b>For the year ended 31 December 2019</b> <i>(RMB'000)</i> <i>(audited)</i>	<b>For the year ended 31 December 2020</b> <i>(RMB'000)</i> <i>(audited)</i>	<b>For the six months ended 30 June 2021</b> <i>(RMB'000)</i> <i>(unaudited)</i>
--	--	--

## **Loan Services**

Maximum daily  
outstanding balance  
of loans (including  
accrued interest and  
handling fee)  
granted by COSCO  
SHIPPING Finance  
Note 2

Nil	Nil	Nil
-----	-----	-----

### *Notes:*

1. The aggregate maximum daily outstanding balance of deposits (including accrued interest and handling fee) placed by the Group with COSCO SHIPPING Finance represents the sum of the maximum daily outstanding balance of deposits (including accrued interest and handling fee) placed by the Group with COSCO SHIPPING Finance during the relevant year, but such maximum daily outstanding balance of deposits with COSCO SHIPPING Finance has fallen on a different date.
2. The aggregate maximum daily outstanding balance of loans (including accrued interest and handling fee) granted by COSCO SHIPPING Finance to the Group represents the sum of the maximum daily outstanding balance of loans (including accrued interest and handling fee) granted by COSCO SHIPPING Finance to the Group during the relevant year, but such maximum daily outstanding balance of loans by COSCO SHIPPING Finance has fallen on a different date.

As far as the Directors are aware, the annual caps for the year ending 31 December 2021 under the Existing Financial Services Framework Agreement had not been exceeded as at the date of this announcement.

## **Annual Caps**

The annual caps for the three years ending 31 December 2024 for the below continuing connected transactions under the 2021 Financial Services Framework Agreement are as follows:

	<b>For the year ending 31 December 2022 (RMB'000)</b>	<b>For the year ending 31 December 2023 (RMB'000)</b>	<b>For the year ending 31 December 2024 (RMB'000)</b>
--	---	---	---

## **Deposit Services**

### Maximum daily

outstanding balance  
of deposits  
(including accrued  
interest and  
handling fee) to be  
placed by the Group  
with COSCO  
SHIPPING Finance

Note 1

	9,000,000	9,000,000	9,000,000
--	-----------	-----------	-----------

## **Loan Services**

### Maximum daily

outstanding balance  
of loans (including  
accrued interest and  
handling fee) to be  
granted by COSCO  
SHIPPING Finance

Note 2

	3,000,000	3,000,000	3,000,000
--	-----------	-----------	-----------

### *Notes:*

1. The aggregate maximum daily outstanding balance of deposits (including accrued interest and handling fee) to be placed by the Group with COSCO SHIPPING Finance represents the sum of the maximum daily outstanding balance of deposits (including accrued interest and handling fee) to be placed by the Group with COSCO SHIPPING Finance during the relevant year, but such maximum daily outstanding balance of deposits with COSCO SHIPPING Finance has fallen on a different date.
2. The aggregate maximum daily outstanding balance of loans (including accrued interest and handling fee) to be granted by COSCO SHIPPING Finance to the Group represents the sum of the maximum daily outstanding balance of loans (including accrued interest and handling fee) to be granted by COSCO SHIPPING Finance to the Group during the relevant year, but such maximum daily outstanding balance of loans by COSCO SHIPPING Finance has fallen on a different date.

In arriving at such annual caps, the Directors have considered the following factors:

- (a) the historical figures of the aggregate maximum daily outstanding balance of deposits (including accrued interest and handling fee) placed by the Group with COSCO SHIPPING Finance for the two years ended 31 December 2020 and the six months ended 30 June 2021;
- (b) the historical figures of the aggregate maximum daily outstanding balance of loans (including accrued interest and handling fee) granted by COSCO SHIPPING Finance to the Group for the two years ended 31 December 2020 and the six months ended 30 June 2021;
- (c) the Group's expectation of its capital needs for the period from now up to 31 December 2024; and
- (d) COSCO SHIPPING Finance's financial ability.

In considering COSCO SHIPPING Finance's financial ability in the provision of the financial services, the Board has checked the continuing validity of COSCO SHIPPING Finance's license issued by CBIRC and considered a report prepared by COSCO SHIPPING Finance based on the relevant financial statements and the strategy and development plans of COSCO SHIPPING Finance.

### **Payment Terms**

The payment terms are dependent on the type of financial services to be provided and are determined at the time when such financials services are provided. The Group expects such terms of payment to be consistent with market terms for the relevant type of financial services.

### **Term**

Subject to the approval being obtained from the Independent Shareholders, the 2021 Financial Services Framework Agreement will be effective from 1 January 2022 to 31 December 2024. Subject to compliance with the Listing Rules, the 2021 Financial Services Framework Agreement may be renewed for another three years from 1 January 2025 upon written agreement by both parties.

### **Reasons for and benefits of entering into the 2021 Financial Services Framework Agreement**

The Group maintains deposits with and engages commercial banks for financial services from time to time as part of its treasury activities and to satisfy its business needs in its ordinary and usual course of business.

The Board believes that securing deposit and loan services from COSCO SHIPPING Finance for the three years ending 31 December 2024 would ensure availability of funds to the Group at reasonable costs and reduced working capital risks. The terms and conditions provided by COSCO SHIPPING Finance under the 2021 Financial Services Framework Agreement are no less favorable to the Group than those provided by independent third parties.

Furthermore, the Group is not restricted under the 2021 Financial Services Framework Agreement to approach, and in fact may choose, any bank or financial institution to satisfy its financial service needs. Its criteria in making the choice could be based on costs and quality of services. Therefore, the Group may, but is not obliged to, continue to use COSCO SHIPPING Finance's services if the service quality provided continues to be competitive. Having such flexibility afforded under the 2021 Financial Services Framework Agreement, the Group is able to better manage its current capital and cashflow position. In addition, it is also expected that COSCO SHIPPING Finance will provide more efficient foreign exchange and settlement services to the Group, as compared to independent third party banks.

Further considering that (i) COSCO SHIPPING Finance is a company controlled by COSCO SHIPPING, which is a wholly state-owned enterprise; and (ii) the Company and COSCO SHIPPING Finance will adopt the internal control measures referred to in the paragraph headed "The 2021 Financial Services Framework Agreement - Internal Control Measures", the Group expects that it would not be exposed to high credit risks for depositing with COSCO SHIPPING Finance.

In light of the above circumstances, the Directors (other than the independent non-executive Directors who will express their views after receiving advice from the Independent Financial Adviser) consider the terms of the 2021 Financial Services Framework Agreement, and the transactions and the proposed annual caps contemplated thereunder are entered into on normal commercial terms or better and in the ordinary and usual course of business of the Group, are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

#### **THE 2021 SHIPPING MATERIALS AND SERVICES FRAMEWORK AGREEMENT, THE 2021 SEA CREW FRAMEWORK AGREEMENT AND THE 2021 SERVICES FRAMEWORK AGREEMENT**

To facilitate the cooperation between the Group and the COSCO SHIPPING Group and to allow for better utilization of internal resources to increase competitiveness, which is mutually beneficial to each other, COSCO SHIPPING and the Company have entered into the 2021 Shipping Materials and Services Framework Agreement, in relation to the provision and receipt of the Shipping Materials and Services. The reason for the bilateral arrangement in relation to the 2021 Shipping Materials and Services Framework Agreement is mainly because when the vessel from one group is at a place where it is not able or not economical to receive such supplies or services from its own group due to geographical or other limitations, it may purchase such supplies or services from the other group according to actual circumstances. Such bilateral arrangement can benefit both groups to reduce their operational costs and achieve synergy.

To make full advantages of the premium services to be offered by the COSCO SHIPPING Group (and/or the associates of COSCO SHIPPING), COSCO SHIPPING and the Company have entered into the 2021 Sea Crew Framework Agreement and the 2021 Services Framework Agreement, pursuant to which the COSCO SHIPPING Group (and/or the associates of COSCO SHIPPING) will provide the Group with the Crew Services and the Miscellaneous Services.

**(1) 2021 Shipping Materials and Services Framework Agreement**

Date: 12 November 2021 (after trading hours)

Parties: COSCO SHIPPING  
The Company

***The Shipping Materials and Services to be Provided***

Pursuant to the 2021 Shipping Materials and Services Framework Agreement, the Company and COSCO SHIPPING agreed to provide each other's group (and/or the associates of COSCO SHIPPING) with the Shipping Materials and Services, of which the details are set out below:

- (1) supply of marine lubricant;
- (2) supply of shipping fuel;
- (3) supply of shipping materials and relevant repair services;
- (4) ship management, ship safety management and technical consultation services;
- (5) painting and paint maintenance services;
- (6) ship repair, special coating, technical improvements services, fire control and safety equipment services;
- (7) supply of ship spare parts;
- (8) electrical, electrical engineering, telecommunication and navigation equipment services;
- (9) supply and repair of ship equipment;
- (10) ship supervision technology services;
- (11) related services for sale and purchase of ships, accessories and equipment;
- (12) ship and related business insurance and insurance brokerage services;
- (13) ship and shipping agency services;
- (14) shipping services and ship charter services; and
- (15) other miscellaneous ship services.

### ***Pricing Policy***

The fees for the Shipping Materials and Services will be determined by reference to the prevailing market price for similar type of shipping materials and/or services. The prevailing market price shall be determined by reference to the price chargeable by independent third parties for similar type of shipping materials and/or services in their ordinary course of business in the same or neighboring areas under normal commercial terms. Further, the price chargeable and the terms offered by the Group for the provision of the Shipping Materials and Services to the COSCO SHIPPING Group and/or its associates shall be no more favorable than the price and terms offered by the Group to independent third parties for similar type of shipping materials and/or services. The price chargeable and the terms offered by the COSCO SHIPPING Group and/or its associates for the provision of the Shipping Materials and Services to the Group shall be no less favorable to the Group than the price and terms received by the Group from independent third parties for similar type of shipping materials and/or services.

### ***Internal Control Measures***

In order to ensure the terms provided by the Group are no more favorable than that offered to independent third parties, the Group will make reference to the historical price and terms of the Group providing such materials and/or services to independent third parties. The Group will also make reference to the prevailing market price by obtaining quotations for the provision of such materials and/or services from three independent third party suppliers/service providers which it can make reference to.

In order to ensure the terms provided by the COSCO SHIPPING Group and/or its associates are no less favorable than that offered to the Group by independent third parties, the Group will obtain quotations from three independent third party suppliers/service providers for the provision of such materials and/or services and compare the quotations provided by the COSCO SHIPPING Group and/or its associates against those quotations.

The quotations will be reviewed and approved by the deputy general manager of the Company to ensure that the terms offered by the Group are no more favorable than that offered to independent third parties and the terms offered by the COSCO SHIPPING Group and/or its associates are no less favorable than that offered to the Group by independent third parties. Moreover, the Company has established a team responsible for reviewing the actual transaction amounts between the Group and the COSCO SHIPPING Group and/or its associates periodically to ensure that the actual transaction amounts between the Group and its connected persons will not exceed the respective proposed annual caps.



### *Historical transaction amounts*

The table below sets forth the historical transaction amounts of the Shipping Materials and Services for the two years ended 31 December 2020 and the six months ended 30 June 2021 under the Existing Shipping Materials and Services Framework Agreement:

	<b>For the year ended 31 December 2019 (RMB'000) (audited)</b>	<b>For the year ended 31 December 2020 (RMB'000) (audited)</b>	<b>For the six months ended 30 June 2021 (RMB'000) (unaudited)</b>
Provision of the Shipping Materials and Services by the Group to the COSCO SHIPPING Group (excluding the Group) and/or its associates	86,355	101,021	27,529
Receipt of the Shipping Materials and Services by the Group from the COSCO SHIPPING Group (excluding the Group) and/or its associates	4,171,386	4,695,807	1,805,750

As far as the Directors are aware, the annual caps for the year ending 31 December 2021 under the Existing Shipping Materials and Services Framework Agreement had not been exceeded as at the date of this announcement.

## *Annual Caps*

The aggregate fees in any financial year for the Shipping Materials and Services will depend on the types or quantity of the Shipping Materials and Services provided by/to the Group. Pursuant to the 2021 Shipping Materials and Services Framework Agreement, the annual caps for the provision and receipt of Shipping Materials and Services are as follows:

	<b>For the year ending 31 December 2022 (RMB'000)</b>	<b>For the year ending 31 December 2023 (RMB'000)</b>	<b>For the year ending 31 December 2024 (RMB'000)</b>
Provision of the Shipping Materials and Services by the Group to the COSCO SHIPPING Group (excluding the Group) and/or its associates	100,000	100,000	150,000
Receipt of the Shipping Materials and Services by the Group from the COSCO SHIPPING Group (excluding the Group) and/or its associates	6,800,000	6,800,000	8,400,000

These annual caps have been determined based on the actual amounts paid and/or received by the Group under the Existing Materials and Services Framework Agreement for the two financial years ended 31 December 2020 and the six months ended 30 June 2021, management's estimates of fleet operational costs over the next three years ending 31 December 2024 and management's estimates of the market prices and other relevant market developments. The

increment of the annual caps for the three years have been determined based on the estimated increase in shipping capacity and the estimated increase in revenue as a result of the increase in shipping capacity.

### ***Payment Terms***

The payment terms are dependent on the type of the Shipping Materials and Services to be provided and are determined at the time when the Shipping Materials and Services are provided. The Group expects such terms of payment to be consistent with market terms for the relevant type of materials and/or services.

### ***Term***

Subject to the approval being obtained from the Independent Shareholders, the 2021 Shipping Materials and Services Framework Agreement will be effective from 1 January 2022 to 31 December 2024. Subject to compliance with the Listing Rules, the 2021 Shipping Materials and Services Framework Agreement may be renewed for another three years from 1 January 2025 upon written agreement by both parties.

## **(2) 2021 Sea Crew Framework Agreement**

Date: 12 November 2021 (after trading hours)

Parties: COSCO SHIPPING (as provider of services)  
The Company (as recipient of services)

### ***The Crew Services to be Provided***

Pursuant to the 2021 Sea Crew Framework Agreement, the COSCO SHIPPING Group (and/or the associates of COSCO SHIPPING) will provide the Group with the Crew Services, which include the crew management, training, hiring and related services.

### ***Pricing Policy***

The fees for the Crew Services will be determined by reference to the prevailing market price for similar type of crew services. The prevailing market price shall be determined by reference to the price chargeable by independent third parties for similar type of crew services in their ordinary course of business in the same or neighboring areas under normal commercial terms. Further, the terms offered by the COSCO SHIPPING Group (and/or its associates) of the Crew Services shall be (i) no less favorable than the terms offered by the COSCO SHIPPING Group (and/or its associates) to independent third parties for similar type of crew services; and (ii) no less favorable than the terms received by the Group of the Crew Services from independent third parties for similar type of crew services.

### ***Internal Control Measures***

In order to ensure the terms provided by the COSCO SHIPPING Group and/or its associates are consistent with the above pricing policy, the Group will obtain quotations from three independent third party service providers for the provision of such crew services and will obtain three service contracts from the COSCO SHIPPING Group for the provision of such crew services by the COSCO SHIPPING Group and/or its associates to independent third parties and compare the quotations for the Crew Services provided by the COSCO SHIPPING Group and/or its associates against those quotations.

The quotations/service contracts will be reviewed and approved by the deputy general manager of the Company to ensure that the terms offered by the COSCO SHIPPING Group and/or its associates are consistent with the above pricing policy. Moreover, the Company has established a team responsible for reviewing the actual transaction amounts between the Group and the COSCO SHIPPING Group and/or its associates periodically to ensure that the actual transaction amounts between the Group and its connected persons will not exceed the respective proposed annual caps.

### ***Historical transaction amounts***

The table below sets forth the historical transaction amounts of the Crew Services for the two years ended 31 December 2020 and the six months ended 30 June 2021 under the Existing Sea Crew Framework Agreement:

	<b>For the year ended 31 December 2019 (RMB'000) (audited)</b>	<b>For the year ended 31 December 2020 (RMB'000) (audited)</b>	<b>For the six months ended 30 June 2021 (RMB'000) (unaudited)</b>
Provision of the Crew Services by the Group to the COSCO SHIPPING Group (excluding the Group) and/or its associates	Nil	Nil	Nil

	<b>For the year ended 31 December 2019 (RMB'000) (audited)</b>	<b>For the year ended 31 December 2020 (RMB'000) (audited)</b>	<b>For the six months ended 30 June 2021 (RMB'000) (unaudited)</b>
Receipt of the Crew Services by the Group from the COSCO SHIPPING Group (excluding the Group) and/or its associates	1,388,719	1,469,089	810,835

As far as the Directors are aware, the annual caps for the year ending 31 December 2021 under the Existing Sea Crew Framework Agreement had not been exceeded as at the date of this announcement.

### ***Annual Caps***

The aggregate fees in any financial year for the Crew Services will depend on the types or quantity of the Crew Services provided to the Group. Pursuant to the 2021 Sea Crew Framework Agreement, the annual caps for the receipt of the Crew Services are as follows:

	<b>For the year ending 31 December 2022 (RMB'000)</b>	<b>For the year ending 31 December 2023 (RMB'000)</b>	<b>For the year ending 31 December 2024 (RMB'000)</b>
Receipt of the Crew Services by the Group from the COSCO SHIPPING Group (excluding the Group) and/or its associates	2,200,000	2,200,000	2,400,000

These annual caps have been determined based on the actual amounts paid by the Group under the Existing Sea Crew Framework Agreement for the two financial years ended 31 December 2020 and the six months ended 30 June 2021, management's estimates of fleet operational costs over the next three years ending 31 December 2024 and management's estimates of the market prices and other relevant market developments. The increment of the annual caps for the three years have also been determined based on the estimated increase in shipping capacity.

### ***Payment Terms***

The payment terms are dependent on the type of the Crew Services to be provided and are determined at the time when the Crew Services are provided. The Group expects such terms of payment to be consistent with market terms for the relevant type of materials and/or services.

### ***Term***

Subject to the approval being obtained from the Independent Shareholders, the 2021 Sea Crew Framework Agreement will be effective from 1 January 2022 to 31 December 2024. Subject to compliance with the Listing Rules, the 2021 Sea Crew Framework Agreement may be renewed for another three years from 1 January 2025 upon written agreement by both parties.

### **(3) 2021 Services Framework Agreement**

Date: 12 November 2021 (after trading hours)

Parties: COSCO SHIPPING (as provider of services)  
The Company (as recipient of services)

### ***The Miscellaneous Services to be Provided***

Pursuant to the 2021 Services Framework Agreement, the COSCO SHIPPING Group (and/or the associates of COSCO SHIPPING) will provide the Group with the Miscellaneous Services, of which the details are set out below:

- (1) computer and software maintenance services;
- (2) accommodation, transportation and conference services;
- (3) sale reception and employee catering services;
- (4) supply of office supplies and labor supplies;
- (5) vehicle rentals, repair, maintenance and chauffeur services;
- (6) office equipment maintenance, property management, back office management and file management services;
- (7) property leasing management services;
- (8) printing, printer maintenance services and paper supply services;
- (9) assistance to marine claims;
- (10) medical services;
- (11) training services;
- (12) courier and gardening services; and
- (13) other miscellaneous services.

### ***Pricing Policy***

The fees for the Miscellaneous Services will be determined by reference to the prevailing market price for similar type of services. The prevailing market price shall be determined by reference to the price chargeable by independent third parties for similar type of services in their ordinary course of business in the same or neighboring areas under normal commercial terms. Further, the terms offered by the COSCO SHIPPING Group (and/or its associates) of the Miscellaneous Services shall be no less favorable than the terms received by the Group of the Miscellaneous Services from independent third parties for similar type of services.

### ***Internal Control Measures***

In order to ensure the terms provided by the COSCO SHIPPING Group and/or its associates are consistent with the above pricing policy, the Group will obtain quotations from three independent third party service providers for the provision of such services and compare the quotations provided by the COSCO SHIPPING Group and/or its associates against those quotations.

The quotations/service contracts will be reviewed and approved by the deputy general manager of the Company to ensure that the terms offered by the COSCO SHIPPING Group and/or its associates are consistent with the above pricing policy. Moreover, the Company has established a team responsible for reviewing the actual transaction amounts between the Group and the COSCO SHIPPING Group and/or its associates periodically to ensure that the actual transaction amounts between the Group and its connected persons will not exceed the respective proposed annual caps.

### ***Historical transaction amounts***

The table below sets forth the historical transaction amounts of the Miscellaneous Services for the two years ended 31 December 2020 and the six months ended 30 June 2021 under the Existing Services Framework Agreement:

	<b>For the year ended 31 December 2019 (RMB'000) (audited)</b>	<b>For the year ended 31 December 2020 (RMB'000) (audited)</b>	<b>For the six months ended 30 June 2021 (RMB'000) (unaudited)</b>
Provision of the Miscellaneous Services by the Group to the COSCO SHIPPING Group (excluding the Group) and/or its associates	557	Nil	Nil



	<b>For the year ended 31 December 2019</b> <i>(RMB'000)</i> <i>(audited)</i>	<b>For the year ended 31 December 2020</b> <i>(RMB'000)</i> <i>(audited)</i>	<b>For the six months ended 30 June 2021</b> <i>(RMB'000)</i> <i>(unaudited)</i>
Receipt of the Miscellaneous Services by the Group from the COSCO SHIPPING Group (excluding the Group) and/or its associates	17,045	20,896	8,896

As far as the Directors are aware, the annual caps for the year ending 31 December 2021 under the Existing Services Framework Agreement had not been exceeded as at the date of this announcement.

### ***Annual Caps***

The aggregate fees in any financial year for the Miscellaneous Services will depend on the types or quantity of the Miscellaneous Services provided to the Group. Pursuant to the 2021 Services Framework Agreement, the annual caps for the receipt of the Miscellaneous Services are as follows:

	<b>For the year ending 31 December 2022 (RMB'000)</b>	<b>For the year ending 31 December 2023 (RMB'000)</b>	<b>For the year ending 31 December 2024 (RMB'000)</b>
Receipt of the Miscellaneous Services by the Group from the COSCO SHIPPING Group (excluding the Group) and/or its associates	70,000	70,000	70,000

These annual caps have been determined based on the actual amounts paid by the Group under the Existing Services Framework Agreement for the two financial years ended 31 December 2020 and the six months ended 30 June 2021, management's estimates of the market prices and other relevant market developments, and also the estimated increase in the Group's demand for computer and software maintenance services.

### ***Payment Terms***

The payment terms are dependent on the type of the Miscellaneous Services to be provided and are determined at the time when the Miscellaneous Services are provided. The Group expects such terms of payment to be consistent with market terms for the relevant type of materials and/or services.

### ***Term***

Subject to the approval being obtained from the Independent Shareholders, the 2021 Services Framework Agreement will be effective from 1 January 2022 to 31 December 2024. Subject to compliance with the Listing Rules, the 2021 Services Framework Agreement may be renewed for another three years from 1 January 2025 upon written agreement by both parties.

***Reasons for and benefits of entering into the 2021 Shipping Materials and Services Framework Agreement, the 2021 Sea Crew Framework Agreement and the 2021 Services Framework Agreement***

Certain members of the COSCO SHIPPING Group have been providing the necessary supporting shipping materials and services, crew services and miscellaneous services to the Group since the Group's establishment. The transactions between the COSCO SHIPPING Group (and/or the associates of COSCO SHIPPING) and the Group under the 2021 Shipping Materials and Services Framework Agreement, the 2021 Sea Crew Framework Agreement and the 2021 Services Framework Agreement are essential to the businesses and operation of both groups.

The terms of the 2021 Shipping Materials and Services Framework Agreement, the 2021 Sea Crew Framework Agreement and the 2021 Services Framework Agreement have been arrived at after arm's length negotiation. The Board believes that securing the Shipping Materials and Services, the Crew Services and the Miscellaneous Services from the COSCO SHIPPING Group (and/or the associates of COSCO SHIPPING), who are experienced in the provision of such services in the shipping industry, will strengthen the competitiveness of the Group.

In light of the above circumstances, the Directors (other than the independent non-executive Directors who will express their views after receiving advice from the Independent Financial Adviser) consider the terms of the 2021 Shipping Materials and Services Framework Agreement, the 2021 Sea Crew Framework Agreement and the 2021 Services Framework Agreement and the transactions contemplated thereunder are entered into on normal commercial terms or better and in the ordinary and usual course of business of the Group, are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

**2021 LEASE FRAMEWORK AGREEMENT**

Date: 12 November 2021 (after trading hours)

Parties: COSCO SHIPPING  
The Company

**The Leasing Services to be Provided**

Pursuant to the 2021 Lease Framework Agreement, the Company and COSCO SHIPPING agreed to provide each other's group (and/or the associates of COSCO SHIPPING) with the Leasing Services including property and land use right leasing services.

## **Pricing Policy**

The rent for the Leasing Services will be determined by reference to the prevailing market price. The prevailing market price shall be determined by reference to the rent chargeable by independent third parties in their ordinary course of business for providing similar type of properties in the same or neighboring areas under normal commercial terms.

## **Internal Control Measures**

In order to ensure the terms provided by the Group are no more favorable than that offered to independent third parties, the Group will make reference to the historical price and terms of the Group providing such leasing services to independent third parties. The Group will also make reference to the prevailing market price by obtaining quotations for rental of similar type of properties in the same or neighboring areas from three independent third parties.

In order to ensure the terms provided by the COSCO SHIPPING Group and/or its associates are no less favorable than that offered by independent third parties, the Group will obtain quotations from three independent third parties for rental of similar type of properties in the same or neighboring areas and compare the quotations provided by the COSCO SHIPPING Group and/or its associates against those quotations.

The quotations will be reviewed and approved by the deputy general manager of the Company to ensure that the terms offered by the Group are no more favorable than that offered to independent third parties and the terms offered by the COSCO SHIPPING Group and/or its associates are no less favorable than that offered by independent third parties. Moreover, the Company has established a team responsible for reviewing the actual transaction amounts between the Group and the COSCO SHIPPING Group and/or its associates periodically to ensure that the actual transaction amounts between the Group and its connected persons will not exceed the respective proposed annual caps.

## Historical transaction amounts

The table below sets forth the historical transaction amounts of the Leasing Services for the two years ended 31 December 2020 and the six months ended 30 June 2021 under the Existing Lease Framework Agreement:

	<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2020</b>	<b>For the six months ended 30 June 2021</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Provision of the Leasing Services by the Group to the COSCO SHIPPING Group (excluding the Group) and/or its associates	5,270	690	90
Receipt of the Leasing Services by the Group from the COSCO SHIPPING Group (excluding the Group) and/or its associates	4,513	4,846	2,199

As far as the Directors are aware, the annual caps for the year ending 31 December 2021 under the Existing Lease Framework Agreement had not been exceeded as at the date of this announcement.

## Annual Caps

The aggregate fees in any financial year for the Leasing Services will depend on the types or number of properties leased by/to the Group. Pursuant to the 2021 Lease Framework Agreement, the annual caps for the provision and receipt of the Leasing Services are as follows:

	<b>For the year ending 31 December 2022 (RMB'000)</b>	<b>For the year ending 31 December 2023 (RMB'000)</b>	<b>For the year ending 31 December 2024 (RMB'000)</b>
Provision of the Leasing Services by the Group to the COSCO SHIPPING Group (excluding the Group) and/or its associates	600	600	600
Receipt of the Leasing Services by the Group from the COSCO SHIPPING Group (excluding the Group) and/or its associates	10,000	10,000	10,000

These annual caps have been determined based on the actual amounts paid and/or received by the Group under the Existing Lease Framework Agreement in the last two financial years ended 31 December 2020 and the six months ended 30 June 2021, the estimated aggregate annual rental payable under the specific lease agreements during the term, and a reasonable buffer to cater for possible increases in the number of leases and the amount of rent payable or receivable.

## Payment Terms

The rent payable for the Leasing Services are/will be payable monthly. The Group believes such payment term is consistent with market term for rental of properties.

## Term

Subject to the approval being obtained from the Independent Shareholders, the 2021 Lease Framework Agreement will be effective from 1 January 2022 to 31 December 2024. Subject to compliance with the Listing Rules, the 2021 Lease Framework Agreement may be renewed for another three years from 1 January 2025 upon written agreement by both parties.

## **Reasons for and benefits of entering into the 2021 Lease Framework Agreement**

Certain members of the COSCO SHIPPING Group and/or its associates have been providing the Leasing Services to the Group and the Group has been providing the Leasing Services to certain members of the COSCO SHIPPING Group and/or its associates since the entering into of the Existing Lease Framework Agreement. As the Group has a continuous demand for such types of properties and land use right in the upcoming three years, and the rent to be charged by COSCO SHIPPING Group and/or its associates are competitive, the Company has agreed to rent such properties and land use right from the COSCO SHIPPING Group and/or its associates. Further, as the COSCO SHIPPING Group and/or its associates has a continuous demand for such types of properties and land use right in the upcoming three years, and the rent that the COSCO SHIPPING Group and/or its associates are willing to pay is competitive, the Company has agreed to lease such properties and land use right to the COSCO SHIPPING Group and/or its associates.

In addition, the Board considers that the 2021 Lease Framework Agreement can set up a framework and streamline the leasing procedures in respect of the leasing of properties between members of the Group and the COSCO SHIPPING Group and/or its associates.

In light of the above circumstances, the Directors consider the terms of the 2021 Lease Framework Agreement and the transactions contemplated thereunder are entered into on normal commercial terms or better and in the ordinary and usual course of business of the Group, are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

## **2021 TRADEMARK LICENSE AGREEMENT**

The Existing Trademark License Agreement will expire on 31 December 2021 and COSCO SHIPPING has agreed to renew the non-exclusive license granted to the Company and its subsidiaries for using certain trademarks owned by COSCO SHIPPING upon terms and conditions as similar to those set out in the Existing Trademark License Agreement. Therefore, on 12 November 2021 (after trading hours), the Company (for itself and on behalf of its subsidiaries) and COSCO SHIPPING (for itself and on behalf of its subsidiaries, excluding the Group) entered into the 2021 Trademark License Agreement, pursuant to which COSCO SHIPPING has granted a non-exclusive license to the Company and its subsidiaries with the right to use certain trademarks at the rate of RMB1.00 per annum for the three years ending 31 December 2024.

## **INFORMATION ON THE PARTIES**

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.

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

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

COSCO SHIPPING Finance is a company established under the laws of the PRC with limited liability and a company controlled by COSCO SHIPPING. COSCO SHIPPING Finance is principally engaged in provision of deposit services, credit services, financial and financing consultation, credit verification and related consultation and agency services, settlement services and liquidation services.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, 619,426,195 A shares are directly held by COSCO SHIPPING and 1,536,924,595 A shares are 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 45.28% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING is a controlling shareholder of the Company, and therefore COSCO SHIPPING, China Shipping and COSCO SHIPPING Finance are connected persons of the Company within the meaning of the Listing Rules.

The transactions pursuant to the 2021 Financial Services Framework Agreement, the 2021 Shipping Materials and Services Framework Agreement, the 2021 Sea Crew Framework Agreement, the 2021 Services Framework Agreement, the 2021 Lease Framework Agreement and the 2021 Trademark License Agreement constitute continuing connected transactions of the Company as such agreements were entered into with COSCO SHIPPING.

Mr. Ren Yongqiang, being an executive Director, and Mr. Zhang Qinghai and Mr. Liu Zhusheng, being the non-executive Directors, hold positions in COSCO SHIPPING and/or its subsidiaries other than the Group. Accordingly, Mr. Ren Yongqiang, Mr. Zhang Qinghai and Mr. Liu Zhusheng have abstained from voting on the relevant Board resolutions approving the 2021 Framework Agreements, and the transactions and the proposed annual caps contemplated thereunder. Save as aforementioned, none of the other Directors has a material interest in the 2021 Framework Agreements and the transactions contemplated thereunder and hence no other Director has abstained from voting on such Board resolutions.



## **The 2021 Financial Services Framework Agreement**

In respect of the deposit services under the 2021 Financial Services Framework Agreement, the placement of deposits by the Group with COSCO SHIPPING Finance constitutes a transaction under Chapter 14 of the Listing Rules. The applicable percentage ratios in connection with such placement of deposits are expected to be more than 25% but less than 100% on an annual basis. Therefore, such transactions constitute major and continuing connected transactions of the Company which are subject to the major transaction requirements (including the reporting, announcement and shareholders' approval) under Chapter 14 of the Listing Rules and the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of the loan services under the 2021 Financial Services Framework Agreement, pursuant to Rule 14A.90 of the Listing Rules, such transactions are exempt from all reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of the foreign exchange services, settlement services and other financial services under the 2021 Financial Services Framework Agreement, the applicable percentage ratios for all future transactions that may take place between the Group and COSCO SHIPPING Finance in respect of such services are expected to be less than 0.1% on an annual basis. Accordingly, pursuant to Rule 14A.76(1)(a) of the Listing Rules, such transactions are exempt from all reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Should such transactions exceed the exemption threshold in the future, the Group will re-comply with the applicable Listing Rules.

## **The 2021 Shipping Materials and Services Framework Agreement, the 2021 Sea Crew Framework Agreement and the 2021 Services Framework Agreement**

In respect of the provision of the Shipping Materials and Services, the Crew Services and the Miscellaneous Services by the COSCO SHIPPING Group and/or its associates to the Group under the 2021 Shipping Materials and Services Framework Agreement, the 2021 Sea Crew Framework Agreement and the 2021 Services Framework Agreement respectively, as the applicable percentage ratios, when aggregated, are expected to be more than 25% but less than 100% on an annual basis, such transactions constitute major and continuing connected transactions of the Company which are subject to the major transaction requirements (including the reporting, announcement and Shareholders' approval) under Chapter 14 of the Listing Rules and the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of the provision of the Shipping Materials and Services by the Group to the COSCO SHIPPING Group and/or its associates under the 2021 Shipping Materials and Services Framework Agreement, as the applicable percentage ratios are expected to be more than 0.1% but less than 5% on an annual basis, such transactions constitute continuing connected transactions of the Company which are subject to the reporting, annual review and announcement requirements but exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **The 2021 Lease Framework Agreement**

In respect of the leasing of certain properties by the COSCO SHIPPING Group and/or its associates to the Group under the 2021 Lease Framework Agreement, the applicable percentage ratios are expected to be less than 0.1% on an annual basis. Accordingly, pursuant to Rule 14A.76(1)(a) of the Listing Rules, such transactions are exempt from all reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Should such transactions exceed the exemption threshold in the future, the Group will re-comply with the applicable Listing Rules.

In respect of the leasing of certain properties by the Group to the COSCO SHIPPING Group and/or its associates under the 2021 Lease Framework Agreement, the applicable percentage ratios are expected to be less than 0.1% on an annual basis. Accordingly, pursuant to Rule 14A.76(1)(a) of the Listing Rules, such transactions are exempt from all reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Should such transactions exceed the exemption threshold in the future, the Group will re-comply with the applicable Listing Rules.

As the applicable percentage ratios are expected to be less than 0.1% on an annual basis, pursuant to Rule 14A.76(1)(a) of the Listing Rules, such transactions under the 2021 Lease Framework Agreement are exempt from all reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Should such transactions exceed the exemption threshold in the future, the Group will re-comply with the applicable Listing Rules.

## **The 2021 Trademark License Agreement**

In respect of the non-exclusive license granted by COSCO SHIPPING to the Company and its subsidiaries for using certain trademarks owned by COSCO SHIPPING under the 2021 Trademark License Agreement, as the applicable percentage ratios are expected to be less than 0.1% on an annual basis, pursuant to Rule 14A.76(1)(a) of the Listing Rules, such transactions are exempt from all reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Should such transactions exceed the exemption threshold in the future, the Group will re-comply with the applicable Listing Rules.

## **SHANGHAI LISTING RULES IMPLICATIONS**

Pursuant to the Shanghai Listing Rules, transaction amounts under all types of related party transactions entered into in the ordinary and usual course of business of the Company and entered into between the Company and the same related party within a 12-month period should be aggregated (save for those which have complied with the relevant approval and/or disclosure procedures), and if the total aggregated transaction amount exceeds 5% of the net asset value of the Group as at the end of the preceding financial year, such related party transactions should be presented to a general meeting for the Independent Shareholders' approval.

As the transactions contemplated under the 2021 Framework Agreements also constitute related party transactions entered into in the ordinary and usual course of business of the Company under the Shanghai Listing Rules and were all entered into between the Company and COSCO SHIPPING, all the proposed annual caps in the 2021 Framework Agreements shall be aggregated pursuant to the requirements under the Shanghai Listing Rules. It is expected that such aggregated amount would exceed 5% of the net asset value of the Group as at 31 December 2020. Accordingly, ordinary resolutions will be proposed at the EGM for the Independent Shareholders to consider and, if thought fit, approve the 2021 Framework Agreements, the transactions and the proposed annual caps contemplated thereunder.

## **GENERAL**

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether (i) the 2021 Financial Services Framework Agreement, and the transactions and the proposed annual caps contemplated thereunder, and (ii) the 2021 Shipping Materials and Services Framework Agreement, the 2021 Sea Crew Framework Agreement, and the 2021 Services Framework Agreement, and the transactions and the proposed annual caps contemplated thereunder are entered into on normal commercial terms or better and in the ordinary course of business of the Group, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Independent Financial Adviser has been appointed to advise and make recommendation to the Independent Board Committee and the Independent Shareholders in relation to (i) the 2021 Financial Services Framework Agreement and the transactions and the proposed annual caps contemplated thereunder, and (ii) the 2021 Shipping Materials and Services Framework Agreement, the 2021 Sea Crew Framework Agreement and the 2021 Services Framework Agreement, and the transactions and the proposed annual caps contemplated thereunder in accordance with the Listing Rules.

The EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, to approve, among others, the 2021 Framework Agreements, and the transactions and the proposed annual caps contemplated thereunder.

A circular containing, among other things, (i) further details of the 2021 Framework Agreements, (ii) the recommendation from the Independent Board Committee to the Independent Shareholders, (iii) the letter of advice from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders, and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before 2 December 2021 in accordance with the Listing Rules. COSCO SHIPPING, China Shipping and their respective associates will abstain from voting at the EGM in relation to the 2021 Framework Agreements, and the transactions and the proposed annual caps contemplated thereunder.

## DEFINITIONS

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

“A share(s)”	the domestic share(s) in the ordinary share capital of the Company with a par value of RMB1.00 each, which are listed on the Shanghai Stock Exchange (Stock Code: 600026)
“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“CBIRC”	China Banking and Insurance Regulatory Commission* (中國銀行保險監督管理委員會)
“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 Stock Exchange (stock code: 1138) and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 600026)
“connected person(s)”	has the meaning ascribed thereto 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 Finance”	COSCO SHIPPING Finance Company Limited* (中遠海運集團財務有限責任公司), a company established under the laws of the PRC with limited liability, which is controlled by COSCO SHIPPING
“COSCO SHIPPING Group”	COSCO SHIPPING and its subsidiaries (excluding the Group)
“Crew Services”	the crew services under the Existing Sea Crew Framework Agreement and the 2021 Sea Crew Framework Agreement

“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve, among other things, the 2021 Framework Agreements, and the transactions and the proposed annual caps contemplated thereunder
“Existing Financial Services Framework Agreement”	the financial services framework agreement dated 12 November 2018 entered into between the Company and COSCO SHIPPING in relation to the provision and receipt of financial services
“Existing Framework Agreements”	the Existing Financial Services Framework Agreement, the Existing Shipping Materials and Services Framework Agreement, the Existing Sea Crew Framework Agreement, the Existing Services Framework Agreement, the Existing Lease Framework Agreement, and the Existing Trademark License Agreement
“Existing Lease Framework Agreement”	the property lease framework agreement dated 12 November 2018 entered into between the Company and COSCO SHIPPING in relation to supply and receipt of property and land use right leasing services
“Existing Sea Crew Framework Agreement”	the sea crew framework agreement dated 12 November 2018 entered into between the Company and COSCO SHIPPING in relation to supply and receipt of sea crew services
“Existing Services Framework Agreement”	the services framework agreement dated 12 November 2018 entered into between the Company and COSCO SHIPPING in relation to supply and receipt of certain services
“Existing Shipping Materials and Services Framework Agreement”	the shipping materials and services framework agreement dated 12 November 2018 entered into between the Company and COSCO SHIPPING in relation to supply and receipt of shipping materials and services
“Existing Trademark License Agreement”	the trademark license agreement dated 1 January 2021 entered into between the Company and COSCO SHIPPING in relation to the non-exclusive license granted by COSCO SHIPPING to the Company and its subsidiaries for using certain trademarks owned by COSCO SHIPPING upon terms and conditions
“Group”	the Company and its subsidiaries

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“H share(s)”	H share(s) of par value of RMB1.00 each in the share capital of the Company, which are listed on the Stock Exchange (Stock Code: 1138)
“Independent Board Committee”	the independent board committee, comprising all the independent non-executive Directors, which has been formed to advise the Independent Shareholders in respect of the 2021 Financial Services Framework Agreement, the 2021 Shipping Materials and Services Framework Agreement, the 2021 Sea Crew Framework Agreement and the 2021 Services Framework Agreement, and the transactions and the proposed annual caps 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 2021 Financial Services Framework Agreement, the 2021 Shipping Materials and Services Framework Agreement, the 2021 Sea Crew Framework Agreement and the 2021 Services Framework Agreement, and the transactions and the proposed annual caps contemplated thereunder
“Independent Shareholders”	the Shareholders other than COSCO SHIPPING, China Shipping and their respective associates
“independent third party(ies)”	individual(s) or company(ies) and their respective beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Leasing Services”	the leasing services under the Existing Leasing Framework Agreement and the 2021 Leasing Framework Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Miscellaneous Services”	the miscellaneous services under the Existing Services Framework Agreement and the 2021 Services Framework Agreement
“PBC”	the People’s Bank of China (中國人民銀行)

“PRC”	the People’s Republic of China
“RMB”	Renminbi Yuan, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented, or otherwise modified from time to time)
“Shanghai Listing Rules”	the Rules Governing the Listing of Stocks in Shanghai Stock Exchange
“Shareholders”	the shareholders of the Company
“Shipping Materials and Services”	the shipping materials and services under the Existing Shipping Materials and Services Framework Agreement and the 2021 Shipping Materials and Services Framework Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“2021 Financial Services Framework Agreement”	the financial services framework agreement dated 12 November 2021 entered into between the Company and COSCO SHIPPING in relation to supply and receipt of financial services
“2021 Framework Agreements”	the 2021 Financial Services Framework Agreement, the 2021 Shipping Materials and Services Framework Agreement, the 2021 Sea Crew Framework Agreement, the 2021 Services Framework Agreement, the 2021 Lease Framework Agreement, and the 2021 Trademark License Agreement
“2021 Lease Framework Agreement”	the property lease framework agreement dated 12 November 2021 entered into between the Company and COSCO SHIPPING in relation to supply and receipt of property and land use right leasing services
“2021 Sea Crew Framework Agreement”	the sea crew framework agreement dated 12 November 2021 entered into between the Company and COSCO SHIPPING in relation to supply and receipt of sea crew services
“2021 Services Framework Agreement”	the services framework agreement dated 12 November 2021 entered into between the Company and COSCO SHIPPING in relation to supply and receipt of certain services

“2021 Shipping Materials and Services Framework Agreement”	the shipping materials and services framework agreement dated 12 November 2021 entered into between the Company and COSCO SHIPPING in relation to supply and receipt of shipping materials and services
“2021 Trademark License Agreement”	the trademark license agreement dated 12 November 2021 entered into between the Company and COSCO SHIPPING in relation to the non-exclusive license granted by COSCO SHIPPING to the Company and its subsidiaries for using certain trademarks owned by COSCO SHIPPING upon terms and conditions
“%”	per cent

By Order of the Board  
**COSCO SHIPPING Energy Transportation Co., Ltd.**  
**Yao Qiaohong**  
*Company Secretary*

Shanghai, the PRC  
12 November 2021

*As at the date of this announcement, the Board comprises Mr. Ren Yongqiang and Mr. Zhu Maijin as executive Directors, Mr. Zhang Qinghai and Mr. Liu Zhusheng as non-executive Directors, Mr. Teo Siong Seng, Mr. Victor Huang, Mr. Li Runsheng, Mr. Zhao Jinsong and Mr. Wang Zuwen as independent non-executive Directors.*

\* *For identification purposes only*