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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)**

**OVERSEAS REGULATORY ANNOUNCEMENT**  
**CHANGE IN ACCOUNTING ESTIMATES**

This announcement is made by COSCO SHIPPING Energy Transportation Co., Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

**I. CHANGE IN ACCOUNTING ESTIMATES**

1. Date of change: adopted since 1 October 2021
2. Reasons of change: according to the relevant requirements of the “China Accounting Standards for Business Enterprises No. 4 – Fixed Assets”<sup>\*</sup> (《中國企業會計準則第4號—固定資產》), an enterprise should review the estimated useful lives, net residual values and depreciation method of its fixed assets at the end of each accounting year. Where the estimated useful lives and net residual values of the fixed assets are different from the original accounting estimates, such differences shall be adjusted accordingly.

Recently, the Company reviewed the useful lives, estimated residual values and depreciation method of its self-owned vessels. In view of the changes of net residual value of vessels, and in order to provide more reliable, relevant and comparable accounting information, the Company shall adjust the accounting estimates of the net residual values of the vessels.

<sup>\*</sup> *For identification purposes only*

## **II. CHANGE IN ACCOUNTING ESTIMATES OF THE COMPANY'S FIXED ASSETS (VESSELS)**

1. Prior to the change in accounting estimates, the accounting policy on the Company's vessel assets was as follows: the net residual value of vessels is determined based on US\$366 per light deadweight ("LDT") (approximately RMB2,511.93/LDT with the exchange rate of 6.8632).
2. After the change in accounting estimates, the accounting policy on the Company's vessels is as follows: the net residual value of vessels is determined based on US\$280/LDT (approximately RMB1,815.91/LDT with the exchange rate of 6.4854), which was adopted with effect from 1 October 2021.

The Company will take annual review afterwards. If the change in the actual average demolition price in the past ten years is within 10%, it will remain unchanged. If the change exceeds 10%, it will be adjusted to the amount after change.

## **III. EFFECTS OF THE CHANGE IN ACCOUNTING ESTIMATES ON THE COMPANY**

Prior to the change in accounting estimates, the estimated vessel depreciation expense of the Group in 2021 was approximately RMB2.474 billion. After the change in accounting estimates, the estimated vessel depreciation expense for the year ended 31 December 2021 was approximately RMB2.527 billion, resulting in the decrease of total profit for the year ended 31 December 2021 by approximately RMB53 million due to the adjustment in accounting estimates.

Pursuant to the relevant requirements of the "China Accounting Standards for Business Enterprises"\* (《中國企業會計準則》), the adjustment of estimated residual values of the vessels is considered as changes in accounting estimates, and it would not affect the Company's published financial statements.

## **IV. THE EXPLANATORY STATEMENT OF THE BOARD OF DIRECTORS (THE "BOARD") OF THE COMPANY IN RESPECT OF THE CHANGE IN ACCOUNTING ESTIMATES**

The first Board meeting of the Company in 2022 was convened on 21 January 2022, which passed the "Resolution on Changes in Accounting Estimates of the Company's Vessels".

The Board considered that the change in accounting estimates of net residual values of the fixed assets (vessel) complies with the requirements of the “China Accounting Standards for Business Enterprises”. The net residual value of the vessel assets after the change can more truly and accurately reflect the Company’s financial status.

The Board approved the above change in accounting estimates of the Company.

## **V. INDEPENDENT NON-EXECUTIVE DIRECTORS’ OPINION**

According to the relevant requirements of the “Guidelines on the Establishment of Independent Directorship of Listed Companies”<sup>\*</sup> (《關於在上市公司建立獨立董事制度的指導意見》) and the Code of Corporate Governance for Listed Companies (《上市公司治理準則》) and the articles of association of the Company, the independent non-executive directors of the Company have carefully reviewed the materials of the Board meeting of the Company, and expressed their opinion as follows:

1. The Board approved the change in accounting estimates and its approval procedure has complied with the requirements of the articles of association of the Company and the relevant laws and regulations;
2. The net residual values of the vessel assets of the Company can be more accurately reflected after the changes in accounting estimates. The change basis is true and reliable, and the change complies with the requirements of the “China Accounting Standards for Business Enterprises”. The financial conditions of the Company can be better reflected after the change. There is no damage to the interests of the Company and its minority shareholders;
3. After prudent judgments, the independent non-executive directors of the Company agreed on the above change in accounting estimates of the Company.

## **VI. SUPERVISORY COMMITTEE’S OPINION**

The supervisory committee of the Company (the “**Supervisory Committee**”) expressed its opinion in respect of the change in accounting estimates as follows:

1. The change in accounting estimates of the Company has taken into account the actual situation of the Company and has complied with the relevant requirements of laws and regulations;
2. The financial conditions and operating results of the Company can be reflected more fairly and accurately after the change in accounting estimates, which improves the quality of the financial information of the Company;

3. The approval procedure of the change in accounting estimates has complied with the laws, regulations and the requirements of the articles of association of the Company;
4. The Supervisory Committee unanimously agreed on the above change in accounting estimates.

## VII. THE ACCOUNTANT'S OPINION

ShineWing Certified Public Accountants LLP, the domestic auditor of the Company, deems that the special statement made by the management of the Company complies with the relevant provisions of the “China Accounting Standards for Business Enterprises No. 4 – Fixed Assets”\*, the “China Accounting Standards for Business Enterprises No. 28 – Changes in Accounting Policies and Accounting Estimates and Correction of Accounting Errors”\* (《中國企業會計準則第28號—會計政策、會計估計變更和差錯更正》) and the “93rd Guideline – Correction of Accounting Errors, Changes in Accounting Policies or Estimates” of “First Memorandum on Daily Information Disclosure for Listed Companies of Shanghai Stock Exchange – Guidelines of Ad-hoc Reports”\* (上海證券交易所《上市公司自律監管指南第1號—公告格式》之《第九十三號會計差錯更正、會計政策或會計估計變更》), reflecting the changes in accounting estimates of the Company faithfully.

This announcement is made pursuant to Rule 13.10B of the Listing Rules. The A shares of the Company are listed on the Shanghai Stock Exchange, which has required the Company to publish an announcement similar to this announcement.

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

Shanghai, the People's Republic of China  
21 January 2022

*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.*