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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)**

### **PROFIT WARNING**

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and Part XIVA of the SFO.

The Board wishes to inform the Shareholders and potential investors that based on the preliminary assessment by the Board of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2022, the Group expects to record a net profit attributable to the equity holders of the Company for the six months ended 30 June 2022 in the range of RMB110 million to RMB180 million (equivalent to approximately HK\$128 million to HK\$209 million), as compared to a net profit attributable to the equity holders of the Company of approximately RMB582 million (equivalent to approximately HK\$677 million) for the same period of 2021.

**Shareholders and potential investors should exercise caution when dealing in the securities of the Company and read carefully the announcement of the interim results of the Group for the six months ended 30 June 2022, which is expected to be published in August 2022.**

This announcement is made by COSCO SHIPPING Energy Transportation Co., Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the preliminary assessment by the Board of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2022, the Group expects to record a net profit attributable to the equity holders of the Company for the six months ended 30 June 2022 in the range of RMB110

million to RMB180 million (equivalent to approximately HK\$128 million to HK\$209 million), as compared to a net profit attributable to the equity holders of the Company of approximately RMB582 million (equivalent to approximately HK\$677 million) for the same period of 2021.

In the first half of 2022, the Group expects to record a net profit attributable to the equity holders of the Company in the range of RMB110.00 million to RMB180.00 million with a period-on-period decrease in the range of RMB401.97 million to RMB471.97 million. In the second quarter of 2022, the increase of net profit attributable to the equity holders of the Company expects to record in the range of RMB59.94 million to RMB129.94 million, as compared to a net profit attributable to the equity holders of the Company of approximately RMB25.03 million in the first quarter of 2022, representing a quarter-on-quarter increase in the range of 239.5% to 519.1%. The expected decrease in the net profit attributable to the equity holders of the Company for the six months ended 30 June 2022 was mainly attributable to the following factors:

- (1) The Very Large Crude Carrier (“VLCC”) market is still suffering from overcapacity. Although geopolitical events led to a slight increase in the time-charter equivalent (“TCE”) of VLCC, the influence was limited. The VLCC fleet of the Group enjoyed rational deployment, flexible operation strategy, and grasped opportunity to secured multiple deals at the stage peak of the market in the first half of 2022. However, the sluggish transportation market fundamentals and rising fuel cost resulted in great challenges to the profitability of the VLCC fleet.

In the first half of 2022, the typical route of VLCC TD3C (Middle East-China) recorded an average TCE of -USD9,334 per day (-USD311 per day for the same period of last year), which was substantially below the break-even point of tanker owners. In the first half of 2022, the VLCC shipping business of the Group brought an increase in the loss of approximately RMB420 million as compared to that for the same period of last year. However, in the second quarter of 2022, the VLCC fleet of the Group underwent a substantial growth in the TCE in actual operations with a quarter-on-quarter increase of approximately 18.5%.

- (2) Being influenced by geopolitical events, international oil trade route was changed, bringing significant increase in transportation demand, which benefited small and medium-sized oil tankers. In addition, the limited refining capacity of product oil in Europe and America, low oil inventory and more interregional trading activities maintained the prosperity of the international product oil shipping market. Although the proportion of small and medium-sized oil tankers of the Group is limited, the Group precisely grasped the market opportunity, fully utilized the flexibility of the integration of domestic and international voyages, rationally distributed domestic and international capacity and realized a satisfactory revenue.

In the first half of 2022, the self-operated small and medium-sized oil tankers of the Group realized a period-on-period increase in the gross profit of approximately RMB340 million. In the second quarter of 2022, the gross profit of self-operated small and medium-sized oil tankers is expected to be RMB300 million, representing an increase of approximately RMB360 million as compared to that for the first quarter of 2022.

Considering the profitability of VLCCs and international small and medium-sized oil tankers, the loss of the international tanker fleet of the Group increased by approximately RMB100 million in the first half of 2022.

- (3) As of the first half of 2022, other income of the Group is expected to decrease by RMB180 million, which was mainly due to the decrease in government subsidies.

The Company is still in the process of finalizing the consolidated results of the Group for the six months ended 30 June 2022. The information contained in this announcement is only a preliminary assessment by the Board based on the unaudited consolidated management accounts of the Group for the six months ended 30 June 2022 currently available to the Company, and is not based on any figures or information which have been reviewed or confirmed by the audit committee of the Board, or reviewed or audited by the auditors of the Company. The actual results of the Group for the six months ended 30 June 2022 may differ from those disclosed in this announcement. Further details of the performance of the Group will be disclosed in the announcement of the interim results of the Group for the six months ended 30 June 2022.

**Shareholders and potential investors should exercise caution when dealing in the securities of the Company and read carefully the announcement of the interim results of the Group for the six months ended 30 June 2022, which is expected to be published in August 2022.**

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

Shanghai, the PRC  
7 July 2022

*For the purposes of this announcement, translations of RMB to HK\$ or vice versa have been calculated by using an exchange rate of HK\$1.00 equal to RMB0.86. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rates or any other rates or at all.*

*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*