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)

INSIDE INFORMATION

ANNOUNCEMENT ON THE ACCOUNTING TREATMENT OF DEFERRED TAX LIABILITIES WITH PROFIT DISTRIBUTION ARRANGEMENT ADJUSTMENTS OF OVERSEAS SUBSIDIARIES OF THE COMPANY

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of COSCO SHIPPING Energy Transportation Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") dated 12 October 2012 in relation to the cessation of recognition of deferred tax liability of China Shipping Development (Hong Kong) Marine Co., Limited ("**CSD HK**"), a wholly-owned overseas subsidiary of the Company, recognized in previous years, amounting to approximately RMB350 million, from 30 September 2012.

After the change of audit firm for the annual report of the Company in 2018, pursuant to the annual report auditing requirements of PricewaterhouseCoopers, the management of the Company is required to make annual judgments on the expected profit distribution of overseas subsidiaries. In anticipation of instability of the oil transportation market in recent years, the management of the Company has made resolutions each year in the past that the overseas subsidiaries would not make distributions. Pursuant to the above, the Company has not made the record for the deferred tax liabilities on the accumulated undistributed profits of CSD HK.

The Work Plan for Improving the Quality of Listed Companies Controlled by Central Enterprises issued by the State-owned Assets Supervision and Administration Commission of the State Council (the "**SASAC**") in 2022 stated the following: support listed companies to formulate reasonable and

* *for identification purposes only*

sustainable profit distribution policies by comprehensively considering factors such as industry characteristics, operating models, development stages, profitability levels and capital needs, and encourage qualified listed companies to optimize shareholders' returns through various methods such as cash dividends. One of the guiding principles of such work plan is to strictly adhere to compliance of laws and regulations while carrying out reforms and innovations. The listed companies controlled by central enterprises shall abide by the bottom line of compliance, strictly prevent the loss of state-owned assets, protect the rights and interests of various investors in accordance with law, and constantly improve the corporate governance standard, the quality of information disclosure and the ability of regulated operation so as to prevent and resolve material risks.

As a listed company controlled by central enterprises, the Company actively responded to the SASAC and implemented various work arrangements to carry out reforms and improve the work quality of the Company. The Company intends to ensure the steady appreciation of state-owned assets and that sufficient dividend funds are in place by further optimizing the profit distribution policy and arrangement of its headquarters and various enterprises at all levels. Therefore, the Company intends to adjust the profit distribution arrangements of overseas subsidiaries and require overseas subsidiaries to make profit distribution to the Company in accordance with their capital status, retained earnings and the recovery pace of the oil transportation market.

In view of the adjustments for the profit distribution arrangement of overseas subsidiaries, as approved at the first meeting of 2023 convened by the board (the "**Board**") of directors (the "**Director(s)**") of the Company on 30 January 2023, the Company will make the record for deferred tax liabilities at the domestic income tax rate (25%) for the undistributed profits of relevant overseas subsidiaries pursuant to the accounting standards. The Company will also recognize the current income tax expense, totaling approximately RMB650 million.

The aforementioned record for deferred tax liabilities and recognition of current income tax expense will result in a reduction of approximately RMB650 million in the Group's net profit attributable to equity holders of the Company in 2022.

The estimated financial impact of the record for deferred tax liabilities and recognition of current income tax expense in this announcement is only a preliminary assessment based on the information currently available, which has not been reviewed nor audited by the Company's auditors. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Shanghai, the People's Republic of China
30 January 2023

As at the date of this announcement, the Board of the Company comprises Mr. Ren Yongqiang and Mr. Zhu Maijin as executive Directors, Mr. Wang Wei and Ms. Wang Songwen as non-executive Directors, and Mr. Victor Huang, Mr. Li Runsheng, Mr. Zhao Jinsong and Mr. Wang Zuwen as independent non-executive Directors.