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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in CM Energy Tech Co., Ltd., you should at once hand this circular, together with the enclosed form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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CM Energy Tech Co., Ltd.
华商能源科技股份有限公司
(Incorporated in Cayman Islands with limited liability)
(Stock Code: 206)

**(1) CONTINUING CONNECTED TRANSACTION
IN RELATION TO PRODUCT SALES**
**(2) CONTINUING CONNECTED TRANSACTION AND MAJOR
TRANSACTION IN RELATION TO VESSELS CHARTERING
AND**
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to the
Independent Board Committee and the Independent Shareholders**



Capitalised terms used in this cover page have the same meanings as defined in this circular. A letter from the Board is set out on pages 6 to 28 of this circular.

A notice convening the EGM of the Company to be held at 5th Floor, China Merchants Development Center, No. 1089 Nanhai Avenue, Nanshan District, Shenzhen, the PRC on Tuesday, 30 December 2025 at 10:00 a.m. or any adjournment thereof is set out on pages 74 to 75 of this circular. A form of proxy for use at the EGM of the Company or any adjournment thereof is enclosed.

Whether or not you propose to attend the EGM you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. at 10:00 a.m. on Sunday, 28 December 2025) or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

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DEFINITIONS

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

“2022 Master Supply and Purchase Agreement”	the master supply and purchase agreement entered into between the Company and CM Industry on 18 October 2022, details of which are set out in the Company’s announcement dated 18 October 2022 and circular dated 28 November 2022
“2022 Master Vessels Chartering and Management Services Agreement”	the master vessels chartering and management services agreement entered into between the Company and CM Industry on 18 October 2022, details of which are set out in the Company’s announcement dated 18 October 2022 and circular dated 28 November 2022
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CM Group”	China Merchants Group Limited* (招商局集團有限公司), a company incorporated in the PRC with limited liability. It is a large integrated state-owned conglomerate directly administered by the Central Government of the PRC
“CM Industry”	China Merchants Industry Holdings Co., Ltd., a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of CM Group
“CM Industry Group”	CM Industry and its subsidiaries and associates, other than the Group
“Commencement Date”	1 January 2026
“Company”	CM Energy Tech Co., Ltd., a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 206)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the Product Sales and the Vessels Chartering contemplated under the Continuing Connected Transactions Agreements
“Continuing Connected Transactions Agreements”	collectively, the Master Supply and Purchase Agreement and the Master Vessels Chartering and Management Services Agreement
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be held by the Company for the Independent Shareholders to consider, and if thought fit, approve (i) the Master Supply and Purchase Agreement and the Product Sales contemplated thereunder (including the Products Annual Caps); and (ii) the Master Vessels Chartering and Management Services Agreement and the Vessels Chartering contemplated thereunder (including the Vessels Chartering Annual Caps)
“Group”	the Company and its subsidiaries from time to time
“Historical Products Annual Caps”	the maximum amount payable by the CM Industry Group to the Group for the sale of products for each of the years ended/ending 31 December 2023, 2024 and 2025 under the 2022 Master Supply and Purchase Agreement
“Historical Vessels Chartering Annual Caps”	the maximum amount payable by the Group to the CM Industry Group for vessels chartering for each of the years ended/ending 31 December 2023, 2024 and 2025 under the 2022 Master Vessels Chartering and Management Service Agreement
“Historical Vessels Management Services Annual Caps”	the maximum amount payable by the CM Industry Group to the Group for vessels management services for each of the years ended/ending 31 December 2023, 2024 and 2025 under the 2022 Master Vessels Chartering and Management Service Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company formed to consider and advise the Independent Shareholders in relation to (i) the Master Supply and Purchase Agreement and the Products Sales contemplated thereunder; and (ii) the Master Vessels Chartering and Management Services Agreement and the Vessels Chartering contemplated thereunder

DEFINITIONS

“Independent Financial Adviser”	Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to (i) the Master Supply and Purchase Agreement and the Products Sales contemplated thereunder; and (ii) the Master Vessels Chartering and Management Services Agreement and the Vessels Chartering contemplated thereunder
“Independent Shareholders”	Shareholders other than CM Industry and its associates
“independent third party(ies)”	person(s) or entity(ies) who/which is(are) independent of and not connected with the Company and its connected persons
“Latest Practicable Date”	8 December 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Supply and Purchase Agreement”	the master supply and purchase agreement entered into between the Company and CM Industry on 14 November 2025 in relation to, amongst others, the Product Sales
“Master Vessels Chartering and Management Services Agreement”	the Master Vessels Chartering and Management Services Agreement entered into between the Company and CM Industry on 14 November 2025 in relation to the Vessels Chartering and the Vessels Management Services
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region
“Products”	equipment used on various offshore platforms and vessels including power control package, jacking system, deck crane, BOP handling and transport system, burner boom, mechanical handling system, CTU, cantilever and drill floor equipment, gangway and other related individual equipment and systems; rack and chord cutting projects; other material processing projects; new energy equipment; technical services; and design, engineering and other related consulting services

DEFINITIONS

“Products Annual Caps”	the maximum amount payable by CM Industry Group to the Group for sale of the Products for each of the three years ending 31 December 2026, 2027 and 2028 under the Master Supply and Purchase Agreement
“Product Sales”	the sale of the Products by the Group to the CM Industry Group as contemplated under the Master Supply and Purchase Agreement
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	US dollars, the lawful currency of the United States of America
“Vessels Chartering”	the chartering of vessels or platforms in the form of bareboat chartering etc. from the CM Industry Group by the Group under the Master Vessels Chartering and Management Services Agreement
“Vessels Chartering Annual Caps”	the maximum transaction amount for the Vessels Chartering for each of the three years ending 31 December 2026, 2027 and 2028 under the Master Vessels Chartering and Management Services Agreement
“Vessels Management Services”	the vessels management services to be provided by the Group to the CM Industry Group under the Master Vessels Chartering and Management Services Agreement, including vessel management services, vessel technical services, material procurement services (such as arranging and supervising dry dockings, repairs, refurbishments, alterations and maintenance work including but not limited to painting, marine fuel, stores, lubricants, spare parts and steel), appointing surveyors, technical consultants and crew supply, vessels repair and maintenance services, ship agency service, delivery service, and other ancillary services for relevant vessels and platforms

DEFINITIONS

“Vessels Management Services
Annual Caps”

the maximum transaction amount for the Vessels Management Services for each of the three years ending 31 December 2026, 2027 and 2028 under the Master Vessels Chartering and Management Services Agreement

“%”

per cent.

LETTER FROM THE BOARD



CM Energy Tech Co., Ltd. 华商能源科技股份有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 206)

Executive Directors:

Mr. Zhan Huafeng

Non-executive Directors:

Mr. Mei Zhonghua (*Chairman*)

Mr. Liu Jiancheng

Mr. Tam Wing Tim

Mr. Zhang Xizheng

Mr. Zhang Menggui, Morgan

Independent non-executive Directors:

Mr. Zou Zhendong

Ms. Zhang Zhen

Mr. Xue Jianzhong

Registered office:

Cricket Square

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P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place of
business in Hong Kong:*

3/F, Office Building

No. 1-7 Sai Tso Wan Road

Tsing Yi Island

New Territories

Hong Kong

10 December 2025

To the Shareholders

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTION
IN RELATION TO PRODUCT SALES
(2) CONTINUING CONNECTED TRANSACTION AND MAJOR
TRANSACTION IN RELATION TO VESSELS CHARTERING
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 14 November 2025 in relation to (i) the Master Supply and Purchase Agreement and the Product Sales contemplated thereunder (including the Products Annual Caps); and (ii) the Master Vessels Chartering and Management Services Agreement and the Vessels Chartering contemplated thereunder (including the Vessels Chartering Annual Caps).

LETTER FROM THE BOARD

The primary purpose of this circular is to provide you with, among other matters, (1) details of the Product Sales and the Vessels Chartering; (2) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (3) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (4) a notice of the EGM; and (5) other information in relation to the Company as required under the Listing Rules.

MASTER SUPPLY AND PURCHASE AGREEMENT

Background

Reference is made to the announcement of the Company dated 18 October 2022 and the circular of the Company dated 28 November 2022 in relation to the 2022 Master Supply and Purchase Agreement entered into between the Company and CM Industry on 18 October 2022 and the continuing connected transactions contemplated thereunder.

As the 2022 Master Supply and Purchase Agreement will expire on 31 December 2025, on 14 November 2025 (after trading hours), the Company entered into the Master Supply and Purchase Agreement with CM Industry, pursuant to which the Group will continue to, amongst others, sell the Products to the CM Industry Group, for a term from the Commencement Date to 31 December 2028.

Principal Terms

Particulars of the Master Supply and Purchase Agreement are set out as follows:

Date:	:	14 November 2025
Term	:	From the Commencement Date to 31 December 2028 (both days inclusive), terminable by either party giving to the other not less than two (2) months' prior written notice.
Parties	:	(1) the Company; and (2) CM Industry.
Condition precedent	:	The Master Supply and Purchase Agreement and the transactions contemplated thereunder are conditional upon the approval of the Independent Shareholders at the EGM in accordance with the Listing Rules, if needed.
Nature of transaction	:	Pursuant to the Master Supply and Purchase Agreement, on a non-exclusive basis, the Company (on behalf of itself and its subsidiaries) agrees to sell, and CM Industry (on behalf of itself and its subsidiaries) agrees to purchase, the Products.

LETTER FROM THE BOARD

It is agreed that each agreement for the sale and purchase of the Products will be entered into and be performed separately by the respective subsidiaries of the Company and CM Industry under separate contracts, on terms to be mutually agreed in accordance with the terms and conditions of the Master Supply and Purchase Agreement.

Pricing principles : Pursuant to the terms of the Master Supply and Purchase Agreement, the Products Sales shall be conducted on normal commercial terms, in particular: (i) the Products Sales will be on terms no less favourable to the Group than terms available from independent third parties based on its internal control measures; (ii) the Products Sales will be conducted in the ordinary and usual course of business of the Group and after arm's length negotiations; and (iii) the transaction amounts under the Products Sales will not exceed the Products Annual Caps for the term from the Commencement Date to 31 December 2028.

The prices of the Products to be sold by the Group to the CM Industry Group shall be determined by reference to (and in any event no less favourable than) the prices of relevant comparable products in the trading database of the Group of similar quality, type and quantity adopted by the Group from time to time and generally applicable to all independent third parties on arm's length basis and on normal commercial terms.

- (i) When there are transaction records of comparable products in the trading database

Depending on the relevant transaction amounts, a management personnel of the Group authorised to approve the Product Sales will review and compare the prices of Products offered by the Group to the CM Industry Group with at least two recent transaction records of comparable products offered generally to independent third parties in the trading database of the Group before entering into individual contracts pursuant to the Master Supply and Purchase Agreement.

LETTER FROM THE BOARD

- (ii) For Products manufactured with specific specifications in respect of which there are no transaction records of comparable products in the trading database

The prices of such Products will be determined with reference to estimates of the Group's costs of production plus a profit margin, which shall be no less favourable than the profit margin estimated to be enjoyed by other suppliers in the market of comparable products. Such profit margin estimates will be calculated with reference to the quoted selling price of comparable products of other suppliers in the market, under the assumption that the costs of production of other suppliers in the market would not differ materially from those of the Group. The indicative gross profit margins for Products manufactured with specific specifications to be sold by the Group to the CM Industry Group are expected to range from approximately 10% to 20%.

Depending on the relevant transaction amounts, a management personnel of the Group authorised to approve the Product Sales will review and compare the profits margins of the Group in respect of the Products and the profit margin estimates of other suppliers in the market for comparable products before entering into individual contracts pursuant to the Master Supply and Purchase Agreement.

In the event that (1) the prices of Products available to the CM Industry Group from the Group are less favourable to the Group than those offered by the Group to independent third parties for comparable products of similar quality, type and quantity in the trading database of the Group, or (2) the profit margin enjoyed by the Group for Products in respect of which there are no transaction records of comparable products in the trading database is less favourable than the profit margin estimated to be enjoyed by other suppliers in the market, the Group will not enter into the Product Sales.

The Group will at its best effort further negotiate with the CM Industry Group for more favourable terms in order to comply with the pricing principles of the Company as disclosed above.

Payment : The prices for the Products sold to the CM Industry Group shall be payable by the CM Industry Group to the Group in cash based on the terms and conditions agreed by the parties in the individual implementation agreement(s). In general, the credit periods in respect of payments for the Products sold to the CM Industry Group range from 30 to 90 days.

LETTER FROM THE BOARD

Proposed Annual Caps

The proposed annual caps for the Products Sales under the Master Supply and Purchase Agreement for each of the three years ending 31 December 2026, 2027 and 2028 are set out as follows:

	For the year ending 31 December		
	2026	2027	2028
	(US\$)	(US\$)	(US\$)
Products Annual Caps	90 million	105 million	33 million

Shareholders and potential investors of the Company should note that the above proposed annual caps are not intended, and do not purport, to be an indication of the Group's future performance or profitability. Shareholders or potential investors of the Company should not rely on the proposed annual caps in deciding how or whether or not to deal in the Shares.

Historical Annual Caps

The annual caps for the sale of products under the 2022 Master Supply and Purchase Agreement for each of the years ended/ending 31 December 2023, 2024 and 2025 are set out as follows:

	For the year ended/ending 31 December		
	2023	2024	2025
	(US\$)	(US\$)	(US\$)
Historical Products Annual Caps	200 million	150 million	150 million

Historical transaction amounts

The historical transaction amounts in respect of the sale of products and the utilization rate of the Historical Products Annual Caps for each of the two years ended 31 December 2023 and 2024, and the period from 1 January 2025 to 31 October 2025, are set out as follows:

	For the year ended 31 December		From 1 January 2025 to 31 October
	2023	2024	2025
	(US\$)	(US\$)	(US\$)
Transaction amounts for sale of products	69,900,000	24,400,000	8,800,000
Historical utilization rates (%)	34.95%	16.27%	7.04%*

* Based on the estimated annualized transaction amounts with reference to the actual transaction amounts for the period from 1 January 2025 to 31 October 2025.

LETTER FROM THE BOARD

As seen above, the historical utilization rates, reflecting a comparison between the actual transaction amounts for sale of Products and the Historical Products Annual Caps, were relatively low.

As disclosed in the circular of the Company dated 28 November 2022, the Historical Products Annual Caps were determined by the Company after taking into account mainly (i) the general condition of the offshore wind power market; and (ii) the estimated demand for the products of the CM Industry Group. When the Historical Products Annual Caps were determined in 2022, it was the estimation at the time that there would be a trend in the development of offshore wind power installation platforms. It was estimated that the CM Industry Group would receive certain orders for construction of offshore wind power installation platforms, in which the Company, as a qualified supplier, may take part in providing products including large and medium-sized cranes, electronic control systems and jacking system equipment packages.

Due to intense market competition and changes in the overall environment, the wind power market had subsequently become saturated, resulting in an overall slowdown in the offshore vessels and engineering industry and accordingly a slowdown in demand for offshore wind power installation platforms.

In estimating the Historical Products Annual Caps, the Company has mainly taken into account the CM Industry Group's indicative demand for the delivery of two, one and one shipset(s) of equipment packages of wind power installation platforms for the years ended/ending 31 December 2023, 2024 and 2025, respectively. In the end, only supply contracts for two shipsets of equipment package in 2023 have partially materialized. In the offshore wind power market, typically, ship-owners place orders with shipyards for building offshore vessels and platforms, and shipyards in turn purchase parts and equipment for shipbuilding from their suppliers. In the aforementioned cycle, the Group is an indirect supplier and belongs to the upstream position, thereby putting the Company in a relatively passive position when there are structural changes to the industry (especially changes in the end-customers' demand). The saturation and slowdown in the wind power market led to a decreased demand and increased competition. As a result, the CM Industry Group, as shipyards, were unable to source the estimated amount of orders from its customers for building wind power installation platforms. This has affected the demand for the Group's Products, being equipment (e.g. cranes, electronic control systems and jacking system equipment package) for building wind power installation platforms.

Apart from the dropped demand, the saturation of the wind power market also led to delays in entering into contracts for shipsets of equipment packages for wind power installation platforms. The fierce market competition has resulted in a longer cycle and delayed timeframe for the tendering or negotiation exercises as well as coordination among various parties, including but not limited to ship-owners, financiers, ship designers, key suppliers and insurance companies etc. Therefore, the CM Industry Group was unable to source shipbuilding contracts for wind power installation platforms as expected, which in turn led to a drop in the demand for the Group's equipment packages. The long delivery periods for shipset of jacking system and equipment, which generally range from nine months to 14 months, made the Historical Products Annual Caps sensitive to delays. A delay in the estimated timeframe may easily cause a significant delay in the recognition of the relevant transaction amount and hence discrepancies in the originally planned annual caps.

LETTER FROM THE BOARD

Basis of the Proposed Annual Caps

The Products Annual Caps were determined by the Company after taking into account the following factors:

- (i) the general condition of the offshore operations market

The Company has been selected as a qualified supplier of large and medium-sized cranes, electronic control systems and jacking system equipment packages and platform leg material processing within the CM Industry Group's list of suppliers. The Company expects to continue to sell the Products to CM Industry for installation on the CM Industry Group's vessels and platforms, and has taken into account the overall market condition and trend in the offshore operations market.

The Group is an indirect supplier in an upstream position distant from the end-customers in the shipbuilding industry, and hence is relatively passive and sensitive to changes in the overall industry demand and trends. The Group understands that due to the saturation of the wind power market, the CM Industry Group's demand for the Group's Products will be shifted to equipment for other vessels, including drilling vessels and rigs, offshore mining vessels, floating production storage and offloading vessels and liquefied natural gas carrier etc, which are generally high value vessels with wider commercial usages and greater marketability. In addition, based on the 15th Five-Year Plan for Economic and Social Development of the PRC, it is expected that there will be a growth in the shipbuilding business of the CM Industry Group, thereby representing good prospects to businesses in the maritime supporting services industry. With the support of the CM Industry Group, it is expected that the Group will benefit from the synergy and closer connection with the CM Industry Group. It is expected that demand for the Products will be driven up by the aforementioned market and high-level factors.

- (ii) the estimated demand for the Products of the CM Industry Group

The Company has mainly taken into account a sales plan indicating the estimated demand for the various Products (including the quantity and specifications of Products required) from the CM Industry Group for each of the years ending 31 December 2026, 2027 and 2028, respectively.

In determining the Historical Products Annual Caps, the Company has mainly taken into account the CM Industry Group's indicative demand for the delivery of two, one and one shipset(s) of equipment packages of wind power installation platforms for the years ended/ending 31 December 2023, 2024 and 2025. In view of the saturation of the wind power market and delay in orders, the historical transaction amounts were lower than estimated. During the three years ending 31 December 2026, 2027 and 2028, the product lines of the Group will be adjusted to meet the market needs, and will no longer focus on equipment packages for wind power installation platforms. The Products Annual Caps are estimated based on the following three major prospective projects to be carried out by the CM Industry Group during the three years ending 31 December 2026, 2027 and 2028:

LETTER FROM THE BOARD

- Deep-sea offshore mining project – the Group is expected to provide equipment for mining and drilling vessels, including pipes, mineral retrieval system, with an estimated total transaction amount of approximately US\$71 million during the three years
- Oil drilling platform(s) project – the Group is expected to provide equipment for oil drilling platform(s), including drilling package, cranes and jacking system, with an estimated total transaction amount of approximately US\$57 million during the three years
- Floating production storage and offloading (FPSO) vessel project – the Group is expected to provide equipment and systems for houses of electrical and automation equipment in FPSO, including integrated control modules and electronic control related control equipment and systems, with an estimated total transaction amount of approximately US\$11 million during the three years

The aforementioned key projects, together with other projects of the CM Industry Group, are expected to drive up the demand for the Products. Therefore, the Products Annual Caps are significantly larger compared to the historical transaction amount in respect of the sale of products during the year ending 31 December 2025, to accommodate the new demands of the CM Industry Group in new areas.

(iii) the expected selling prices of the Products

In determining the expected selling prices of the Products, the Company had made reference to the specifications of Products required by CM Industry Group, the prices of such Products in the trading database of the Company and relevant market prices of such Products.

(iv) the transaction amounts arising from the delayed recognition of revenue in respect of the product sales under the 2022 Master Supply and Purchase Agreement

There is generally a delay in the actual recognition of revenue by the Company compared to the actual date of the transaction. The Company has also taken into account the transaction amount for sale of products under the 2022 Master Supply and Purchase Agreement to be recognized after the Commencement Date in determining the Products Annual Caps. As at 31 October 2025, based on the orders received by the Company, the Group is expected to recognise revenue of approximately RMB23 million from products sold or be sold before the Commencement Date.

(v) a buffer for fluctuation of market prices and change in specifications of Products to provide flexibility to the Group

LETTER FROM THE BOARD

MASTER VESSELS CHARTERING AND MANAGEMENT SERVICES AGREEMENT

Background

Reference is made to the announcement of the Company dated 18 October 2022 and the circular of the Company dated 28 November 2022 in relation to the 2022 Master Vessels Chartering and Management Services Agreement entered into between the Company and CM Industry on 18 October 2022 and the continuing connected transactions contemplated thereunder.

As the 2022 Master Vessels Chartering and Management Services Agreement will expire on 31 December 2025, on 14 November 2025 (after trading hours), the Company entered into the Master Vessels Chartering and Management Services Agreement with CM Industry, pursuant to which the Group will continue to charter vessels from the CM Industry Group and provide Vessels Management Services to the CM Industry Group, for a term from the Commencement Date to 31 December 2028.

Principal Terms

Particulars of the Master Vessels Chartering and Management Services Agreement are set out as follows:

Date:	:	14 November 2025
Term	:	From the Commencement Date to 31 December 2028 (both days inclusive), terminable by either party giving to the other not less than two (2) months' prior written notice.
Parties	:	(1) the Company; and (2) CM Industry.
Condition precedent	:	The Master Vessels Chartering and Management Services Agreement and the transactions contemplated thereunder are conditional upon the approval of the Independent Shareholders at the EGM in accordance with the Listing Rules, if needed.
Nature of transaction	:	Pursuant to the Master Vessels Chartering and Management Services Agreement, the Group agrees to (i) charter vessels from the CM Industry Group ; and (ii) provide Vessels Management Services to the CM Industry Group, on a non-exclusive basis.

It is agreed that each agreement for the Vessels Chartering and/or Vessels Management Services will be entered into and be performed separately by the respective subsidiaries and associates of the Company and CM Industry under separate contracts, on terms to be mutually agreed in accordance with the terms and conditions of the Master Vessels Chartering and Management Services Agreement.

LETTER FROM THE BOARD

Pricing principles : Pursuant to the terms of the Master Vessels Chartering and Management Services Agreement, the Vessels Chartering and Vessels Management Services shall be conducted on normal commercial terms, in particular: (i) the Vessels Chartering and Vessels Management Services will be conducted on terms no less favourable to the Group than prevailing market terms available from independent third parties based on its internal control measures; (ii) the Vessels Chartering and Vessels Management Services will be conducted in the ordinary and usual course of business of the Group and after arm's length negotiations; and (iii) the transaction amount in respect of the Vessels Chartering and Vessels Management Services will not exceed the Vessels Chartering Annual Caps and Vessels Management Services Annual Caps (as the case may be) for the term from the Commencement Date to 31 December 2028.

(a) Vessels Chartering

The rates for the Vessels Chartering to be obtained by the Group from the CM Industry Group shall be determined by reference to (and in any event no less favourable than) the relevant comparable prevailing market rates for charter of vessels of comparable quality and type and on arm's length basis and on normal commercial terms.

Depending on the relevant transaction amounts, a management personnel of the Group authorised to approve the Vessels Chartering will review and compare the rates for Vessels Chartering offered by the CM Industry Group to the Group with at least two transaction records of comparable vessels chartering offered by the Group to independent third parties in the trading database of the Group before entering into individual implementation agreement in respect of the Vessels Chartering pursuant to the Master Vessels Chartering and Management Services Agreement.

In the event that the rates in respect of the Vessels Chartering provided by the CM Industry Group to the Group are less favourable to the Group than those offered by the Group to independent third parties for comparable vessels chartering of similar quality and type in the trading database of the Group, the Group will not enter into the Vessels Chartering.

The Group will at its best effort further negotiate with the CM Industry Group for more favourable terms in order to comply with the pricing principles of the Company as disclosed above.

LETTER FROM THE BOARD

(b) Vessels Management Services

The fees to be charged by the Group for the Vessels Management Services will be determined with reference to the Group's costs of provision of such services plus an earnings before interest and tax ("**EBIT**") margin of no less than 5%. Based on the view of Valor Appraisal & Advisory Limited (the "**Valuer**"), an independent professional valuer engaged by the Company, the minimum EBIT margin is fair and reasonable, and is comparable with the market rate for vessel management services of comparable type and quality. The minimum EBIT margin is therefore no less favourable than the minimum margin enjoyed by other service providers in the market for comparable services.

Depending on the relevant transaction amounts, a management personnel of the Group authorised to approve the Vessels Management Services will review the fees for the Vessels Management Services provided by the Group to the CM Industry Group before entering into individual contracts in respect of the Vessels Management Services pursuant to the Master Vessels Chartering and Management Services Agreement to ensure that such fees will be charged on the basis of a margin no less than the minimum EBIT margin as disclosed above.

In the event that the fees in respect of the Vessels Management Services offered to the CM Industry Group by the Group are less favourable to the Group than the fees chargeable on the basis of the above-mentioned minimum EBIT margin, the Group will not enter into the Vessels Management Services.

The Group will at its best effort further negotiate with the CM Industry Group for more favourable terms in order to comply with the pricing principles of the Company as disclosed above.

LETTER FROM THE BOARD

The Board has reviewed the fair opinion letter prepared by the Valuer and discussed with the Valuer. The director of the Valuer and person in charge of the fair opinion letter is a Chartered Financial Analyst charterholder, member of CPA Australia, professional member of Royal Institution of Chartered Surveyors, member of the Australasian Institute of Mining & Metallurgy and Registered Business Valuer and has over 17 years' experience in business and asset valuation. The director of the Valuer oversees the business and asset valuation services of the Valuer and has provided a wide range of valuation services to listed companies and private entities in different industries in the PRC, Hong Kong and Singapore and has practical experience in the valuation of offshore drilling units servicing the offshore energy industry. The Valuer is independent of and not connected with the Company and its connected persons. The Directors have assessed the qualifications, experience and track record of the Valuer and are of the view that the Valuer has sufficient experience and the relevant professional qualifications required to perform the evaluation of the fairness and reasonableness of the minimum EBIT margin.

Payment : The fees for the Vessels Chartering shall be payable by the Group to the CM Industry Group in cash based on the terms and conditions agreed by the parties in the individual implementation agreement(s). In general, the fees for the Vessels Chartering will be payable by the Group to the CM Industry Group on a monthly basis.

The fees for the Vessels Management Service shall be payable by the CM Industry Group to the Group in cash based on the terms and conditions agreed by the parties in the individual implementation agreement(s). In general, the fees for the Vessels Management Service shall be payable by the CM Industry Group to the Group within 30 days after the provision of the Vessels Management Service.

Proposed Annual Caps

According to HKFRS 16 "Leases", the Group is required to recognize a right-of-use asset and a lease liability, which are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate in the year of entering into the lease where the Group acts as a lessee. The Vessels Chartering contemplated under the Master Vessels Chartering and Management Services Agreement will be recognized as the acquisitions of right-of-use assets and the Group is required to set annual caps on the total value of right-of-use assets relating to Vessels Chartering to be entered into by the Group as a charterer in each year under the Master Vessels Chartering and Management Services Agreement.

LETTER FROM THE BOARD

The proposed annual caps for the Vessels Chartering (representing the total values of right-of-use assets relating to Vessels Chartering to be entered into by the Group) and the Vessels Management Services under the Master Vessels Chartering and Management Services Agreement for each of the three years ending 31 December 2026, 2027 and 2028 are set out as follows:

	For the year ending 31 December		
	2026 (US\$)	2027 (US\$)	2028 (US\$)
Vessels Chartering Annual Caps	62 million	30 million	52 million
Vessels Management Services Annual Caps	650,000	650,000	650,000

Shareholders and potential investors of the Company should note that the above proposed annual caps are not intended, and do not purport, to be an indication of the Group's future performance or profitability. Shareholders or potential investors of the Company should not rely on the proposed annual caps in deciding how or whether or not to deal in the Shares.

Historical Annual Caps

The annual caps for the vessels chartering and vessels management services under the 2022 Master Vessels Chartering and Management Services Agreement for each of the years ended 31 December 2023, 2024 and 2025 are set out as follows:

	For the year ended/ending 31 December		
	2023 (US\$)	2024 (US\$)	2025 (US\$)
Historical Vessels Chartering Annual Caps	19 million	26 million	30 million
Historical Vessels Management Services Annual Caps	40 million	23 million	21 million

LETTER FROM THE BOARD

Historical transaction amounts

The historical transaction amounts in respect of the vessels chartering and vessels management services, and the utilization rates of the Historical Vessels Chartering Annual Caps and Historical Vessels Management Services Annual Caps, for each of the two years ended 31 December 2023 and 2024, and for the period from 1 January 2025 to 31 October 2025 are set out as follows:

	For the year ended 31 December		From 1 January 2025 to 31 October
	2023	2024	2025
	(US\$)	(US\$)	(US\$)
Transaction amounts for vessels chartering	14,700,000	6,400,000	9,200,000
Historical utilization rates (%)	77.37%	24.62%	36.80%*
Transaction amounts for vessels management services	7,000,000	8,700,000	100,000
Historical utilization rates (%)	17.5%	37.83%	0.57%*

* Based on the estimated annualized transaction amounts with reference to the actual transaction amounts for the period from 1 January 2025 to 31 October 2025.

As seen above, the historical utilization rates, reflecting a comparison between the actual transaction amounts for vessels chartering and the Historical Vessels Chartering Annual Caps, were slightly lower than projected for the year ended 31 December 2023 and relatively low for the years ended/ending 31 December 2024 and 2025.

As disclosed in the circular of the Company dated 28 November 2022, the Historical Vessels Chartering Annual Caps were determined by the Company after taking into account mainly the estimated demand of four offshore engineering and related vessels to be chartered in the form of bareboat charter by the Group for a period of one to three years.

During the year ended 31 December 2023, amongst the four offshore engineering and related vessels projected to be chartered by the Group, two vessels were chartered in the form of bareboat charter by the Group. Hence, the transaction amount was slightly lower than the projected Historical Vessels Chartering Annual Cap for the year ended 31 December 2023.

LETTER FROM THE BOARD

The 2022 Master Vessels Chartering and Management Services Agreement was entered into on a non-exclusive basis, whereby each of the CM Industry Group and the Group had no commitments to proceed with any vessels chartering. The availability of vessels for chartering by the Group has inevitably been subject to the internal business plan and strategy of the CM Industry Group, market condition and demand as well as competitiveness of the terms and conditions offered by the Group under its pricing policy. In that regard, two out of the four vessels projected to be chartered by the Group have never been offered for charter to the Group during the entire term of the 2022 Master Vessels Chartering and Management Services Agreement, one of which was unavailable as it was chartered out by CM Industry Group to another party and the other was not in a merchantable condition ready for delivery.

During the year ended 31 December 2024, the charter of one of the two vessels chartered by the Group under the 2022 Master Vessels Chartering and Management Services Agreement was terminated as the CM Industry Group intended to sell such vessel. As such, the historical transaction amounts and the historical utilization rates for the year ended 31 December 2024 saw a further reduction, partially offset by the increase in chartering rates from the fourth quarter of 2024. The position in the year ending 31 December 2025 was substantially similar, while the chartering rates have further increased, leading to a slight rebound in the historical utilization rate.

As seen above, the historical utilization rates for the Historical Vessels Management Services Annual Caps were relatively low. It was the original estimation of the Company that the vessels management services would cover four vessels based on the negotiation between the Group and the CM Industry Group in 2022. However, due to its own internal strategy, the CM Industry Group had only engaged the Group's vessels management services for one, two and one vessels during the years ended/ending 31 December 2023, 2024 and 2025, respectively. For example, in 2025, as the vessels of the CM Industry Group were chartered out to other external parties, only one vessel has been under the Group's management with a limited service scope.

Basis of the Proposed Annual Caps

The Vessels Chartering Annual Caps were determined by the Company after taking into account the following factors:

- (i) the estimated demand for the Vessels Chartering

The Company has taken into account the estimated demand of four vessels and platforms to be chartered in the form of bareboat charter by the Group during the three years ending 31 December 2026, 2027 and 2028. The Company has through discussions with its customers and market research and analysis identified the demand for vessels and platforms and the specifications and type of vessels and platforms required. Based on such demand and interest from its customers, the Group estimates that four vessels and platforms will be chartered from the CM Industry Group on a bareboat charter basis under the Vessels Chartering. The vessels and platforms chartered will be sub-chartered out to independent third party customers after valued-added Vessels Management Services to be carried out by the Group.

LETTER FROM THE BOARD

During the year ending 31 December 2025, the Group had only chartered one vessel from the CM Industry Group under the 2022 Master Vessels Chartering and Management Services Agreement. During the year ending 31 December 2026, it is expected that the Group will charter four vessels or platforms from the CM Industry Group, of which two would be offshore support vessels and two would be offshore drilling rigs for a term of one to two years. In view of the increase in vessels or platforms to be chartered by the Group, it is expected that there will be a significant increase in the value of right-of-use assets relating to such charters compared to the year ending 31 December 2025, and hence an enlarged annual cap would be required to cater for such increase. As it is estimated that the term of chartering of two vessels will be between one and two years, the relevant chartering of vessels will expire during the year ending 31 December 2027. It is currently anticipated that the Group and the CM Industry Group may extend the chartering of such vessels for a short period (e.g. one year), as the CM Industry Group may potentially sell the relevant vessels as part of its business strategy. During the year ending 31 December 2028, it is expected that all of the four charters of vessels will come to an end. The Group is expected to renew the vessels chartering of three vessels or platforms for a term of one to two years, as it remains a potential that the CM Industry Group may sell at least one of the vessels based on its business strategy.

- (ii) the estimated chartering rates for vessels or platforms

In determining the estimated market chartering rates for vessels and platforms, the Company has made reference to the specifications and chartering arrangement (e.g. bareboat charter) in respect of vessels and platforms estimated to be chartered, the transaction records of the Vessels Chartering in the trading database of the Company and the chartering rates of the vessels and platforms of comparable type and quality to be chartered. From 2022 to 2025, the Group has observed a continuous rise in the chartering rates of offshore oil and gas vessels. The Company foresees that a positive momentum will continue to be present in the offshore oil and gas industry, leading to a sustained demand for relevant offshore vessels. Hence, the Group has taken into account the upward market trend of chartering rates in determining the Vessels Chartering Annual Caps throughout the three years ending 31 December 2028.

- (iii) a buffer for fluctuation of market rates and change in specifications of vessel(s) or platform(s) to be chartered to provide flexibility to the Group

The Vessels Management Services Annual Caps were determined by the Company after taking into account the following factors:

- (i) the estimated demand for Vessels Management Services by CM Industry Group from the Commencement Date to 31 December 2028;

The Vessels Management Services Annual Caps are substantially downsized in view of the low historical transaction amount. It is also expected that the scope of Vessels Management Services, which are currently envisaged to be mainly vessels inspection and compliance services, to be provided by the Group under the Vessels Management Services, will be relatively simple compared to the historical position.

LETTER FROM THE BOARD

- (ii) the estimated rates for the Vessels Management Services from the Commencement Date to 31 December 2028, which is estimated to be in an increasing trend; and
- (iii) a buffer for change in the CM Industry Group's demand for or scope of services required under the Vessels Management Services to provide flexibility to the Group.

INFORMATION ON THE PRODUCTS

Pursuant to separate agreements to be entered into between members of the Group and members of the CM Industry Group under the Master Supply and Purchase Agreement, a wide range of Products, including equipment used on various offshore platforms and vessels including power control package, jacking system, deck crane, BOP handling and transport system, burner boom, mechanical handling system, CTU, cantilever and drill floor equipment, gangway and other related individual equipment and systems; rack and chord cutting projects; other material processing projects; new energy equipment; technical services; and design, engineering and other related consulting services etc., will be sold on a non-exclusive basis. The proceeds from the Product Sales will constitute operating revenue of the Group.

INFORMATION ON VESSELS CHARTERING

Vessels Chartering mainly include obtaining the right to use vessels or platforms from the CM Industry Group in the form of bareboat chartering etc.. Vessels Chartering is a part of the vessels assets management business model of the Group, in respect of which the Group will manage and apply valued-added services to assets in its portfolio with a view of further provision of marketable, quality and reliable end products to its customers. The Group will observe market demands and charter vessels or platforms from the CM Industry Group under the Vessels Chartering for further operational management such as maintenance and other ancillary services. The serviced vessels or platforms as end products would be readily marketable and up to the standards and requirements of the customers and relevant governing authorities, which would then be sub-chartered out to customers sourced by the Group. The Group has deep knowledge and established business connections in the highly specialised fields of vessels and platform products, which gives the Group access to customers in a distinguishable market.

INFORMATION ON THE VESSELS MANAGEMENT SERVICES

Vessels Management Services mainly include ship management services, vessel technical services, material procurement services (such as arranging and supervising dry dockings, repairs, refurbishments, alterations and maintenance work including but not limited to painting, marine fuel, lubricants, stores, spare parts and steel), appointing surveyors, technical consultants and crew supply, vessels repair and maintenance services, vessels agency services, delivery services and other ancillary services for vessels or platforms.

LETTER FROM THE BOARD

FINANCIAL EFFECTS

In respect of the Vessels Chartering, pursuant to HKFRS 16, upon the Group charters vessel from the CM Industry Group pursuant to the Master Vessels Chartering and Management Services Agreement, right-of-use assets will be recognised by the Group at the commencement date of the charter (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. At the commencement date of the charter, lease liabilities are recognised at the present value of the lease payments payable over the lease term, discounted using the incremental borrowing rate. Regarding the impact on earnings, the Group will incur an annual depreciation expense of the right-of-use assets over the useful life on a straight line-basis and an interest expense on the lease liabilities will be charged.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS

The Continuing Connected Transactions will be conducted in the ordinary and usual course of business of the Group and each transaction under the Continuing Connected Transactions Agreements will be negotiated on an arm's length basis and be conducted on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties.

As the 2022 Master Supply and Purchase Agreement and 2022 Master Vessels Chartering and Management Services Agreement will expire on 31 December 2025, the entering into of the Master Supply and Purchase Agreement and Master Vessels Chartering and Management Services Agreement will enable the parties to continue with their cooperation, which will create synergies for the parties, and hence is in the interests of the Company and the Shareholders as a whole.

The business of the CM Industry Group is mainly in the field of marine equipment maintenance and installation, vessels equipment manufacturing, special shipbuilding and cruise shipbuilding. The Group has years of experience and insight in the field of vessels and platforms and relevant high-end equipment. Therefore, the Company believes that the principal business of both CM Industry Group and the Group are highly synergistic.

The Directors expect that, in respect of the Products Sales, on one hand, the high-end vessels and platforms equipment manufactured by the Company has the proprietary intellectual property rights in the PRC, and it can continue to cooperate with CM Industry to break through in the procurement of key materials by reducing the reliance on imported equipment, targeting the development of product markets in China that face technological bottlenecks. On the other hand, in collaboration with CM Industry, the Group will be able to deeply embed its products into the products of the CM Industry Group, so as to apply on more fields, continue to enhance its market share and influence and strengthen cooperation between enterprises, achieving a win-win situation for both parties. At the same time, supply and purchase will expand the operational revenue, increase liquidity, reduce transaction costs effectively and increase net profit of the Group, thereby improving the performance of the Company, which is in line with the Company's long-term strategy to become a cost-competitive provider of integrated solutions for the traditional oil and gas drilling industry and the offshore green energy sector.

LETTER FROM THE BOARD

The Group is committed to the transformation of offshore renewable energy and green energy technology. Under the Vessels Chartering, the Group will charter vessels or platforms from the CM Industry Group to further develop the Company's business and to strengthen the two-wheel drive strategy of the Group's energy equipment business and energy supply services business (including the Vessels Chartering), in which, possible business models include the Company charters vessels or platforms to third parties. The Vessels Management Services will provide the Company with a stable source of income and cash flow, and will drive the Group's green transformation and the development of its strategic emerging businesses.

In view of the above, the Directors (including the independent non-executive Directors whose views are set out in the letter from Independent Board Committee in this circular) consider that the terms of the Continuing Connected Transactions Agreements (including the annual caps) are on normal commercial terms and in the ordinary and usual course of business of the Group, and the Continuing Connected Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

In order to safeguard the interests of the Company and the Shareholders as a whole, the Group has adopted the following guidelines and principles for monitoring the Continuing Connected Transactions between the Group and the CM Industry Group.

Under such internal control measures, the Group maintains a trading database containing selling prices of its Products, rates for the Vessels Chartering and relevant terms and conditions of such transactions. The information in the trading database is obtained in the course of the Group's operations and from the Group's internal sources (including information in respect of transactions entered into by different divisions/departments of the Group). The Company will continue to develop and maintain the trading database so as to include pricing information in relation to Products sold by and Vessels Chartering provided by the Group in the future. Designated personnel of the sales department of the Group are responsible for the maintenance of the trading database, and the trading database is generally updated on an instantaneous (or as soon as practicable) basis after the materialisation or consummation of a sales or service transaction. A supervising vice president of the Group is designated to monitor and supervise the maintenance of the trading database to ensure that up-to-date records of the selling terms, prices/rates and transaction records for products sold and services provided by the Group are properly kept. The Company will also conduct random checks on the trading database so as to ensure that an effective and sound internal control measures are in place so that the Continuing Connected Transactions are conducted on a fair and reasonable basis.

The Group will keep track of the market prices/rates and terms in future and gather market information of certain comparable transactions, for the purpose of ensuring that the prices and terms for the Vessels Management Services will be based on prevailing market terms and be no less favourable to the Group than those offered by other independent third-parties to the Group.

LETTER FROM THE BOARD

The relevant business units and departments of the Group will monitor and review the prices/ rates and terms in respect of the Continuing Connected Transactions regularly in order to ensure that the Continuing Connected Transactions are conducted on normal commercial terms, in accordance with the annual caps set by the Company and the terms are no less favourable to the Group than those available to/from independent third parties. The Company will designate specific personnel from the internal control department to monitor the Continuing Connected Transactions and any irregularities in respect of the Continuing Connected Transactions will be reported to the senior management of the Group in a timely manner.

The Group will also conduct sample internal checks on a quarterly basis to ensure that the internal control measures in respect of the Continuing Connected Transactions remain intact and effective.

The Company will report the Continuing Connected Transactions to the independent non-executive Directors during each of the audit committee meetings (if necessary) according to the audit committee meeting agenda.

The Continuing Connected Transactions will be reviewed by the independent non-executive Directors every year and reported in the annual reports of the Company, which provides a check and balance to ensure that the Continuing Connected Transactions were conducted in accordance with the terms of the Continuing Connected Transactions Agreements, on normal commercial terms (or terms no less favourable than terms available to the Group from independent third parties), and in accordance with the pricing principles of the Company and the annual caps pursuant to the Listing Rules.

The Company's independent auditor will be engaged to report on the Continuing Connected Transactions under the Continuing Connected Transactions Agreements, which would, for the purpose of Rule 14A.56 of the Listing Rules, assist the Board in ensuring that the Continuing Connected Transactions: (i) have proper Board approval; (ii) have in all material respects been conducted in accordance with the pricing policies of the Group; (iii) were entered into, in all material respects, in accordance with the Continuing Connected Transactions Agreements; and (iv) have not exceeded the annual caps set by the Company.

INFORMATION ON THE PARTIES

Information on the Company and the Group

The Company was incorporated in the Cayman Islands with limited liabilities. The Group will focus on developing clean energy and low-carbon marine fuels businesses, including deep-sea resource development and turnkey equipment design, manufacturing and services in relation to offshore engineering platforms, as well as vessels chartering, manufacturing of carbon reduction products for vessels and comprehensive integrated solutions.

LETTER FROM THE BOARD

Information on CM Industry

CM Industry is a limited liability company incorporated in Hong Kong. The CM Industry Group is principally engaged in five aspects of business including repairs & conversion, marine & offshore equipment newbuilding, specialized shipbuilding, cruise shipbuilding, new materials and special equipment. CM Industry is an indirect wholly-owned subsidiary of CM Group, which is a large integrated state-owned conglomerate directly administered by the Central Government of the PRC which is principally engaged in core industries such as transportation, finance, comprehensive development and operation of cities and parks and technology and innovation related businesses.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, as CM Industry was indirectly interested in 1,530,372,000 Shares (representing approximately 47.18% of the issued share capital of the Company) through Prime Force Investment Corporation, it was a controlling shareholder of the Company and also a connected person of the Company.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Products Annual Caps exceed 5%, the Product Sales constitutes a continuing connected transaction for the Company and is subject to the reporting, announcement, circular, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Vessels Chartering Annual Caps exceed 25% but all are below 100%, the Vessels Chartering constitutes a continuing connected transaction and major transaction for the Company and is subject to the reporting, announcement, circular, independent shareholders' approval and annual review requirements under Chapters 14 and 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Vessels Management Services Annual Caps exceed 0.1% but all are below 5%, the Vessels Management Services constitutes a continuing connected transaction for the Company and is subject to the reporting, announcement and annual review requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Mei Zhonghua, Mr. Liu Jiancheng, Mr. Tam Wing Tim hold positions in the CM Industry Group, each of them is deemed to be materially interested in, and has abstained from voting on the Board resolutions in relation to the Continuing Connected Transactions Agreements and the Continuing Connected Transactions contemplated thereunder.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all three independent non-executive Directors has been formed to advise the Independent Shareholders in relation to (i) the Master Supply and Purchase Agreement and the Products Sales contemplated thereunder (including the Products Annual Caps); and (ii) the Master Vessels Chartering and Management Services Agreement and the Vessels Chartering contemplated thereunder (including the Vessels Chartering Annual Caps).

LETTER FROM THE BOARD

Mr. Zou Zhendong, Ms. Zhang Zhen and Mr. Xue Jianzhong, being all the independent non-executive Directors, have been appointed by the Board to serve as members of the Independent Board Committee. To the best of the knowledge, information and belief of the Directors, no member of the Independent Board Committee has any material interest in the Continuing Connected Transactions. A letter from the Independent Board Committee is set out on 29 to 30 of this circular.

INDEPENDENT FINANCIAL ADVISER

Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on (i) the Master Supply and Purchase Agreement and the Products Sales contemplated thereunder (including the Products Annual Caps); and (ii) the Master Vessels Chartering and Management Services Agreement and the Vessels Chartering contemplated thereunder (including the Vessels Chartering Annual Caps). A letter from the Independent Financial Adviser is set out on pages 31 to 64 of this circular.

EGM

The EGM will be convened and held at 5th Floor, China Merchants Development Center, No. 1089 Nanhai Avenue, Nanshan District, Shenzhen, the PRC on Tuesday, 30 December 2025 at 10:00 a.m. for the Independent Shareholders to consider and, if thought fit, approve (i) the Master Supply and Purchase Agreement and the Products Sales contemplated thereunder (including the Products Annual Caps); and (ii) the Master Vessels Chartering and Management Services Agreement and the Vessels Chartering contemplated thereunder (including the Vessels Chartering Annual Caps).

Whether or not you propose to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

As at the Latest Practicable Date, as CM Industry was indirectly interested in 1,530,372,000 Shares (representing approximately 47.18% of the issued share capital of the Company) through Prime Force Investment Corporation, Prime Force Investment Corporation was therefore deemed to have material interest in, and will be required to abstain from voting on the resolutions in relation to the Continuing Connected Transactions at the EGM. Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Continuing Connected Transactions and will be required to abstain from voting at the EGM on the relevant resolutions.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, all resolutions proposed at the EGM shall be voted by poll in accordance with the Listing Rules and the memorandum and articles of association of the Company. The poll results will be announced in accordance with Rule 13.39(5) of the Listing Rules after the conclusion of the EGM.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 29 to 30 of this circular and the letter from the Independent Financial Adviser set out on pages 31 to 64 of this circular. The Independent Shareholders are advised to read the aforesaid letters before deciding as to how to vote on the resolutions regarding (i) the Master Supply and Purchase Agreement and the Products Sales contemplated thereunder (including the Products Annual Caps); and (ii) the Master Vessels Chartering and Management Services Agreement and the Vessels Chartering contemplated thereunder (including the Vessels Chartering Annual Caps).

The Directors (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in this circular) consider that the terms of the Continuing Connected Transactions Agreements are in the ordinary and usual course of business of the Company and are on normal commercial terms, and the Continuing Connected Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in this circular) recommend all Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM.

FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

Yours faithfully,
For and on behalf of
the Board of Directors of
CM Energy Tech Co., Ltd.
Mei Zhonghua
Chairman

LETTER FROM INDEPENDENT BOARD COMMITTEE



CM Energy Tech Co., Ltd.
华商能源科技股份有限公司
(Incorporated in Cayman Islands with limited liability)
(Stock Code: 206)

10 December 2025

To the Independent Shareholders

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTION
IN RELATION TO PRODUCT SALES
AND
(2) CONTINUING CONNECTED TRANSACTION AND MAJOR
TRANSACTION IN RELATION TO VESSELS CHARTERING**

We refer to the circular issued by the Company to its shareholders dated 10 December 2025 (the “**Circular**”) of which this letter forms part. Unless otherwise specified, terms defined in the Circular shall have the same meanings in this letter.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders in respect of the terms of (i) the Master Supply and Purchase Agreement and the Products Sales contemplated thereunder (including the Products Annual Caps); and (ii) the Master Vessels Chartering and Management Services Agreement and the Vessels Chartering contemplated thereunder (including the Vessels Chartering Annual Caps), details of which are set out in the letter from the Board contained in the Circular.

Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Shareholders and us in respect of the terms of (i) the Master Supply and Purchase Agreement and the Products Sales contemplated thereunder (including the Products Annual Caps); and (ii) the Master Vessels Chartering and Management Services Agreement and the Vessels Chartering contemplated thereunder (including the Vessels Chartering Annual Caps). Details of the Independent Financial Adviser’s advice and the principal factors and reasons they have taken into consideration in giving such advice are set out on pages 31 to 64 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 6 to 28 of the Circular and the additional information set out in the appendices thereto.

LETTER FROM INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Continuing Connected Transactions, the advice of the Independent Financial Adviser and the principal factors and reasons taken into consideration by the Independent Financial Adviser, we are of the opinion that the terms of Continuing Connected Transactions Agreements are in the ordinary and usual course of business of the Company and are on normal commercial terms, and the Continuing Connected Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We, therefore, recommend the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve and ratify (i) the Master Supply and Purchase Agreement and the Products Sales contemplated thereunder (including the Products Annual Caps); and (ii) the Master Vessels Chartering and Management Services Agreement and the Vessels Chartering contemplated thereunder (including the Vessels Chartering Annual Caps).

Yours faithfully,
For and on behalf of
the Independent Board Committee of
CM Energy Tech Co., Ltd.

Mr. Zou Zhendong
*Independent non-executive
Director*

Ms. Zhang Zhen
*Independent non-executive
Director*

Mr. Xue Jianzhong
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and Independent Shareholders regarding the continuing connected transactions and major transaction for the purpose of inclusion in this circular.



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10 December 2025

*To: The Independent Board Committee and the Independent Shareholders of
CM Energy Tech Co., Ltd*

Dear Sir/Madam,

(1) CONTINUING CONNECTED TRANSACTION IN RELATION TO PRODUCT SALES (2) CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION IN RELATION TO VESSELS CHARTERING

I. INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders with regard to the continuing connected transactions in connection with the (1) Master Supply and Purchase Agreement (including the Products Annual Caps); and (2) Master Vessels Chartering and Management Services Agreement (including the Vessels Chartering Annual Caps and the Vessels Management Services Annual Caps) (collectively, the “**Annual Caps**”) and the transactions contemplated thereunder. Details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company (the “**Circular**”) to the Shareholders dated 10 December 2025, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Reference is made to the announcement of the Company dated 18 October 2022 and the circular of the Company dated 28 November 2022 in relation to the existing Master Supply and Purchase Agreement (“**Existing Master Supply and the Purchase Agreement**”) and the existing Master Vessels Chartering and Management Services Agreement (“**Existing Master Vessels Chartering and Management Services Agreement**”) entered into between the Company and CM Industry on 18 October 2022 and the continuing connected transaction contemplated thereunder.

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As the Existing Master Supply and Purchase Agreement will be expired on 31 December 2025, on 14 November 2025 (after trading hours), the Company entered into the Master Supply and Purchase Agreement with CM Industry, pursuant to which the Group will continue to, amongst others, sell the Products to the CM Industry Group, for a term from the Commencement Date to 31 December 2028.

As the Existing Master Vessels Chartering and Management Services Agreement will be expired on 31 December 2025, on 14 November 2025 (after trading hours), the Company entered into the Master Vessels Chartering and Management Services Agreement with CM Industry, pursuant to which the Group will continue to, amongst others, charter vessels from the CM Industry Group, for a term from the Commencement Date to 31 December 2028.

II. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, as CM Industry is indirectly interested in 1,530,372,000 Shares (representing approximately 47.18% of the issued share capital of the Company) through Prime Force Investment Corporation, it is therefore, a controlling shareholder of the Company and also a connected person of the Company. As a result, the Sales and Procurement and Vessel Services constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of Products Annual Caps exceed 5%, the Product Sales constitutes a continuing connected transaction for the Company, and is subject to the reporting, announcement, circular, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Vessels Chartering Annual Caps exceed 25% but all are below 100%, the Vessels Chartering constitutes a continuing connected transaction and major transaction for the Company and is subject to the reporting, announcement, circular, independent shareholders' approval and annual review requirements under Chapters 14 and 14A of the Listing Rules.

As Mr. Mei Zhonghua, Mr. Liu Jiancheng, Mr. Tam Wing Tim hold positions in the CM Industry Group, each of them is deemed to be materially interested in, and has abstained from voting on the Board resolutions in relation to the Master Supply and Purchase Agreement and the Master Vessels Chartering and Management Services Agreement.

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III. THE INDEPENDENT BOARD COMMITTEE

The Board currently comprises Mr. Zhan Huafeng as executive Director, Mr. Mei Zhonghua, Mr. Liu Jiancheng, Mr. Tam Wing Tim, Mr. Zhang Xizheng and Mr. Zhang Menggui, Morgan as non-executive Directors, and Mr. Zou Zhendong, Ms. Zhang Zhen and Mr. Xue Jianzhong as independent non-executive Directors.

The Independent Board Committee comprising all the aforementioned independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the Master Supply and Purchase Agreement and the Master Vessels Chartering and Management Services Agreement and the Sales and Procurement and Vessel Chartering contemplated thereunder (together with the Annual Caps) are on normal commercial terms and are fair and reasonable, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

We, Red Sun Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders for the purpose of advising the Independent Board Committee and the Independent Shareholders whether the terms of the Master Supply and Purchase Agreement and Master Vessels Chartering and Management Services Agreement and the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IV. OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company, CM Industry and their respective shareholders, directors or chief executives, or any of their respective associates and accordingly, are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Master Supply and Purchase Agreement and Master Vessels Chartering and Management Services Agreement (together with the Annual Caps) and the transactions contemplated thereunder.

As at the Latest Practicable Date, we did not have any interest or ongoing business relationship with the Company that would make us not independent according to Rule 13.84 of the Listing Rules. Save for this appointment and our appointment as the independent financial adviser in relation to the subscription of shares under specific mandate and the application of whitewash waiver, details of which is set out in the circular dated 13 February 2025, Red Sun Capital Limited have not acted as the independent financial adviser to the Company under the Listing Rules in the past two years. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Group or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent from the Group pursuant to Rule 13.84 of the Listing Rules.

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V. BASIS AND ASSUMPTIONS OF THE ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions, beliefs and representations for matters relating to the Group, CM Industry and their respective shareholders and management contained in the Circular and the information and representations provided to us by the Group and/or its senior management (the “**Management**”) and/or the Directors. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the Management and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all the opinions, beliefs and representations for matters relating to the Group, and CM Industry made or provided by the Management and/or the Directors contained in the Circular have been reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Group and have been advised that no material facts have been withheld or omitted from the information provided and referred to in the Circular.

We have not, however, carried out any independent verification nor have we conducted any independent investigation into information provided by the Directors and the Management, background, business or affairs or future prospects of the Company, CM Industry and their respective shareholder(s) and subsidiaries or affiliates, and their respective history, experience and track records, or the prospects of the markets in which they respectively operate.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Master Supply and Purchase Agreement and the Master Vessels Chartering and Management Services Agreement (together with the Annual Caps) and the transactions contemplated thereunder, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

VI. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Master Supply and Purchase Agreement and the Master Vessels Chartering and Management Services Agreement (together with the Annual Caps) and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1. Background information of the Group

With reference to the Letter from the Board, the Group is principally engaged in the assets investment and operation management of offshore engineering platform, onshore and offshore oil and gas exploration and development, offshore wind power installation and other related equipment and equipment package design, manufacturing and services, new energy industry business and other clean energy and technology investment businesses.

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Set out below is a summary of the Group's financial information for the years ended 31 December 2023 and 2024 and for the six months ended 30 June 2024 and 2025, as extracted from the annual report for the year ended 31 December 2024 (the "2024 Annual Report") and the interim report for the six months ended 30 June 2025 (the "2025 Interim Report"), respectively:

Summary of the Group's statement of profit or loss

	For the six months ended 30 June		For the year ended 31 December	
	2024	2025	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue				
– Equipment manufacturing and packages	38,247	28,548	101,374	86,562
– Supply chain and integration services	14,526	10,341	29,089	25,755
– Asset management and engineering services	24,828	23,741	50,874	54,456
Total Revenue	77,601	62,630	181,337	166,773
Profit for the period/year	4,784	2,781	9,609	9,194

For the six months ended 30 June 2024 ("6M2024") compared to the six months ended 30 June 2025 ("6M2025")

As set out in the 2025 Interim Report, the revenue of the Group decreased by approximately US\$15.0 million or 19.3% from approximately US\$77.6 million for 6M2024 to approximately US\$62.6 million for 6M2025. The decrease in revenue was mainly due to the reduction in delivery order volume.

The total revenue for 6M2025 comprised: (i) revenue from the equipment manufacturing and packages segment of approximately US\$28.5 million, representing a decrease of approximately 25.4% from approximately US\$38.2 million for 6M2024, which was mainly due to decrease in completed and delivered projects; (ii) revenue from the supply chain and integration services of approximately US\$10.3 million, recording a decrease of approximately 28.8% from approximately US\$14.5 million for 6M2024 and was mainly due to a year-on-year decrease in completed orders in the Mexico market; and (iii) asset management and engineering services segment of approximately US\$23.7 million, which was broadly in line with 6M2024 of approximately US\$24.8 million.

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The profit for the period decreased by approximately US\$2.0 million or 41.9% from approximately US\$4.8 million for 6M2024 to approximately US\$2.8 million for 6M2025, such was mainly due to the aforesaid overall decrease in revenue.

For the year ended 31 December 2023 (“FY2023”) compared to the year ended 31 December 2024 (“FY2024”)

As set out in the 2024 Annual Report, the Group’s total revenue decreased by approximately US\$14.6 million or 8.0% from approximately US\$181.3 million for FY2023 to approximately US\$166.8 million for FY2024. The decrease in revenue was mainly driven by the decrease in revenue recognised in the equipment manufacturing and packages and supply chain and integration services segment.

The total revenue for FY2024 comprised: (i) revenue recognised in equipment manufacturing and packages of approximately US\$86.6 million, representing a decrease of approximately 14.6% as compared to approximately US\$101.4 million for FY2023, due to a significant reduction in wind power business; (ii) supply chain and integration services of approximately US\$25.8 million, recording a decrease of approximately 11.5% from approximately US\$29.1 million for FY2023; and (iii) asset management and engineering services segment of approximately US\$54.5 million which recorded an increase of approximately 7.0% as compared to approximately US\$50.9 million for FY2023.

The profit for the year decreased by approximately US\$0.4 million or 4.3% from approximately US\$9.6 million for FY2023 to approximately US\$9.2 million for FY2024. Such decrease was mainly due to the net effects of (i) the decrease in revenue as discussed above; (ii) the decrease in other income, gains and losses of approximately US\$1.5 million; and (iii) the increase in losses on the shares of results of a joint venture of approximately US\$1.8 million, caused by the operating losses incurred by the associates in 2024.

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Summary of consolidated statement of financial position of the Group

	As at 30 June 2025 US\$'000 (unaudited)	As at 31 December 2023 US\$'000 (audited)	2024 US\$'000 (audited)
Non-current assets	46,611	81,446	53,289
Current assets	253,546	244,855	257,081
Total assets	300,157	326,301	310,370
Non-current liabilities	514	22,136	3,579
Current liabilities	117,358	128,341	127,544
Total liabilities	235,230	150,477	131,123
Total equity attributable to equity shareholders of the Company	181,172	175,041	178,191

Note: For the avoidance of doubt, only selected major asset and liability components are disclosed in the table above.

Financial position of the Group as at 30 June 2025

As at 30 June 2025, the total assets of the Group were approximately US\$300.2 million, the total liabilities of the Group were approximately US\$235.2 million and the total equity attributable to owners of the Company was approximately US\$181.2 million.

As at 30 June 2025, the assets of the Group mainly comprised of (i) cash and cash equivalents of approximately US\$90.6 million; (ii) trade and other receivables of approximately US\$92.1 million; and (iii) inventories of approximately US\$41.7 million.

As at 30 June 2025, the liabilities of the Group mainly comprised of (i) trade and other payables of approximately US\$40.5 million; (ii) contract liabilities of approximately US\$34.1 million; and (iii) lease liabilities (current and non-current portion) of approximately US\$40.1 million.

Financial position of the Group as at 31 December 2023 and 31 December 2024

As at 31 December 2024, the Group's total assets amounted to approximately US\$310.4 million, representing a decrease of approximately US\$15.9 million or 4.9% from approximately US\$326.3 million as at 31 December 2023. Such decrease was primarily due to the net effects of the (i) decrease in property, plant and equipment of approximately US\$21.9 million; (ii) decrease in trade and other receivables of approximately US\$8.7 million; (iii) the increase in lease receivables of approximately US\$17.8 million; and (iv) decrease in inventories of approximately US\$2.8 million, as compared as at 31 December 2023.

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As at 31 December 2024, the Group's total liabilities amounted to approximately US\$131.1 million, representing a decrease of approximately US\$19.4 million from approximately US\$150.5 million as at 31 December 2023. Such decrease was mainly attributable to the (i) decrease in trade and other payables of approximately US\$9.4 million; and (ii) decrease in lease liabilities (non-current portion) of US\$18.6 million, and were partially offset by the increase in lease liabilities (current portion) of approximately US\$15.7 million.

The equity attributable to owners of the Company of approximately US\$178.2 million as at 31 December 2024 remained broadly in line with approximately US\$175.0 million as at 31 December 2023.

2. Background information of CM Industry

As set out in the Letter from the Board, CM Industry is a limited liability company incorporated in Hong Kong. The CM Industry Group is principally engaged in five aspects of business including repairs & conversion, marine & offshore equipment newbuilding, specialized shipbuilding, cruise shipbuilding, new materials and special equipment. CM Industry is an indirect wholly-owned subsidiary of CM Group, which is a large integrated state-owned conglomerate directly administrated by the Central Government of the PRC which is principally engaged in core industries such as transportation, finance, comprehensive development and operation of cities and parks and technology and innovation related businesses.

3. The Master Supply and Purchase Agreement

3.1 Reasons for and benefits of entering into the Master Supply and Purchase Agreement

As set out in the Letter from the Board, the sales and procurement of Products will be conducted in the ordinary and usual course of business of the Group and each transaction under the Master Supply and Purchase Agreement will be negotiated on an arm's length basis and be conducted on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties.

As the 2022 Master Supply and Purchase Agreement and 2022 Master Vessels Chartering and Management Services Agreement will expire on 31 December 2025, the entering into of the Master Supply and Purchase Agreement and Master Vessels Chartering and Management Services Agreement will enable the parties to continue with their cooperation, which will create synergies for the parties, and hence is in the interests of the Company and the Shareholders as a whole.

The CM Industry Group is principally engaged in the field of marine equipment maintenance and installation, vessels equipment manufacturing, special shipbuilding and cruise shipbuilding. The Group has years of experience and insight in the field of vessels and platforms operations and relevant high-end equipment. Given the complementary nature of their respective business operations, the Company believes, and we concur that, the principal business of both CM Industry Group and the Group are highly synergistic.

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Based on our discussion with the Management, we understand that the Master Supply and Purchase Agreement is a furtherance of the cooperation between the Parties, and the sales and purchase of Products and structural parts and components are mainly utilized towards the construction of offshore platform and vessels, as well as manufacturing of heavy lift cranes, which are part of, or in connection with the Group's principal business activities and are expected to contribute positively to the Group's revenue as well as enhancing the utilization of its assets by carrying out the sales and purchase of Products to CM Industry Group from time to time, provided that CM Industry Group purchases from the Group at prices comparable to market prices and/or which are considered to be fair and reasonable to the Company.

In assessing the fairness and reasonableness of the terms of the Master Supply and Purchase Agreement, we have obtained and reviewed not less than ten sales contracts for each of three years ended 31 December 2024, entered into by the Group with CM Industry Group (the "**Connected Sales Contracts**"), selected on a random basis, and advised by the Company that those Connected Sales Contracts were with specifications of which there were no transactions records of comparable products in the trading database. We noted that the Connected Sales Contracts was secured through open tender therefore we further obtained the (i) relevant internal pricing approval records from the Group and (ii) open tender records showing quotations from other suppliers in the market, we noted that the indicative gross profit margins as recorded on the internal pricing approval records fall within the range from approximately 10% to 20% which was in line with the pricing principles as listed out in the previous circular dated 28 November 2022. Considering that the Connected Sales Contracts reviewed and obtained by us accounted for not less than 50% of the total number of contracts conducted during each of respective three years ending 31 December 2025, and each were determined with reference to the quotations obtained from the open market for services of a same nature and the indicative gross profit margin falls within the applicable range, which is in line with the relevant internal control measures, we consider that the Connected Sales Contracts are representative of prevailing market rates and serve as an appropriate reference.

Having considered that, (i) the importance of securing the relevant materials and components for normal operation of the Group and sales of Products and are beneficial to the Company and the Shareholders as a whole; (ii) the Company's stable and long-term business relationship with CM Industry Group throughout the years and the CM Industry Group is a reliable long-term business partner of the Group; (iii) the pricing policy governing the sales of Products is broadly in line with market standards and conducted on normal commercial terms; (iv) the Master Supply and Purchase Agreement are non-exclusive in nature which offers the Group with flexibilities to conduct business with CM Industry Group; and (v) the transactions under the Master Supply and Purchase Agreement shall be conducted on an arm's length basis and on normal commercial terms, we are of the view that the entering into of the Master Supply and Purchase Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

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3.2 *Principal terms of the Master Supply and Purchase Agreement*

The following information has been extracted from the Letter from the Board:

Date	14 November 2025
Effective Period	From the Commencement Date to 31 December 2028 (both days inclusive), terminable by either party giving to the other not less than two (2) months' prior written notice.
Parties	<ol style="list-style-type: none">1. the Company2. CM Industry
Condition precedent	The Master Supply and Purchase Agreement and the transactions contemplated thereunder are conditional upon the approval by the Independent Shareholders at the EGM in accordance with the Listing Rules, if needed.
Nature of transaction	<p>Pursuant to the Master Supply and Purchase Agreement, on a non-exclusive basis, the Company (on behalf of itself and its subsidiaries) agrees to sell, and CM Industry (on behalf of itself and its subsidiaries) agrees to purchase, the Products.</p> <p>It is agreed that each agreement for the sale and purchase of the Products will be entered into and be performed separately by the respective subsidiaries of the Company and CM Industry under separate contracts, on terms to be mutually agreed in accordance with the terms and conditions of the Master Supply and Purchase Agreement.</p>

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Pricing principles

Pursuant to the terms of the Master Supply and Purchase Agreement, the Products Sales shall be conducted on normal commercial terms, in particular: (i) the Products Sales will be on terms no less favourable to the Group than terms available from independent third parties based on its internal control measures; (ii) the Products Sales will be conducted in the ordinary and usual course of business of the Group and after arm's length negotiations; and (iii) the transaction amounts under the Products Sales will not exceed the Products Annual Caps for the term from the Commencement Date to 31 December 2028.

The prices of the Products to be sold by the Group to the CM Industry Group shall be determined by reference to (and in any event no less favourable than) the prices of relevant comparable products in the trading database of the Group of similar quality, type and quantity adopted by the Group from time to time and generally applicable to all independent third parties on arm's length basis and on normal commercial terms.

(i) When there are transaction records of comparable products in the trading database

Depending on the relevant transaction amounts, a management personnel of the Group authorised to approve the Product Sales will review and compare the prices of Products offered by the Group to the CM Industry Group with at least two recent transaction records of comparable products offered generally to independent third parties in the trading database of the Group before entering into individual contracts pursuant to the Master Supply and Purchase Agreement.

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- (ii) *For Products manufactured with specific specifications in respect of which there are no transaction records of comparable products in the trading database*

The prices of such Products will be determined with reference to estimates of the Group's costs of production plus a profit margin, which shall be no less favourable than the profit margin estimated to be enjoyed by other suppliers in the market of comparable products. Such profit margin estimates will be calculated with reference to the quoted selling price of comparable products of other suppliers in the market, under the assumption that the costs of production of other suppliers in the market would not differ materially from those of the Group. The indicative gross profit margins for Products manufactured with specific specifications to be sold by the Group to the CM Industry Group are expected to range from approximately 10% to 20%.

Depending on the relevant transaction amounts, a management personnel of the Group authorised to approve the Product Sales will review and compare the profits margins of the Group in respect of the Products and the profit margin estimates of other suppliers in the market for comparable products before entering into individual contracts pursuant to the Master Supply and Purchase Agreement.

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In the event that (1) the prices of Products available to the CM Industry Group from the Group are less favourable to the Group than those offered by the Group to independent third parties for comparable Products of similar quality, type and quantity in the trading database of the Group, or (2) the profit margin enjoyed by the Group for Products in respect of which there are no transaction records of comparable products in the trading database is less favourable than the profit margin estimated to be enjoyed by other suppliers in the market, the Group will not enter into the Product Sales.

The Group will at its best effort further negotiate with the CM Industry Group for more favourable terms in order to comply with the pricing principles of the Company as disclosed above.

Payment

The prices for the Products sold to the CM Industry Group shall be payable by the CM Industry Group to the Group in cash based on the terms and conditions agreed by the parties in the individual implementation agreement(s). In general, the credit periods in respect of payments for the Products sold to the CM Industry Group range from 30 to 90 days.

Further details of the principal terms of the Master Supply and Purchase Agreement is set out in the Letter from the Board.

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3.3 Basis for determining the Annual Caps for the Product Sales under the Master Supply and Purchase Agreement

The table below sets out the historical transaction amounts, the annual caps and the utilization rate for Product Sales for the two years ended 31 December 2023, 2024 and for the year ending 31 December 2025, respectively.

	For the year ended 31 December 2023 (US\$)	For the year ended 31 December 2024 (US\$)	For the year ending 31 December 2025 (US\$)
Historical Products Annual Caps	200,000,000	150,000,000	150,000,000
Transaction amounts for sales of Products	69,900,000	24,400,000	8,800,000 (up to 31 October 2025)
Historical utilization rates	34.95%	16.27%	7.04%* (up to 31 October 2025)

* Based on the estimated annualized transaction amounts with reference to the actual transaction amounts for the period from 1 January 2025 to 31 October 2025.

As shown in the table above, the historical transaction amounts for sales of Products were approximately US\$69.9 million and US\$24.4 million for the year ended 31 December 2023 and 2024 and approximately US\$8.8 million from 1 January 2025 to 31 October 2025, respectively.

As advised by the Management of the Company, the reasons for the relatively low utilisation rate were mainly attributable to saturation of wind power market resulting in the overall slowdown in the offshore vessels and engineering industry, causing intense competition among market participants and a slowdown in launch of new projects, and a gradual decline in the demand of Products related to offshore engineering projects and equipment.

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As stated in the Letter from the Board and advised by the Management, in determining the Historical Products Annual Caps, the Company has mainly taken into account the intended demand for 2, 1 and 1 shipset(s) of equipment package for wind power installation platform for the years ended/ending 31 December 2023, 2024 and 2025, respectively. Amongst the 2, 1 and 1 shipset(s) of equipment package for wind power installation platform that were used to determine the Historical Products Annual Caps, supply contract for two shipsets of equipment package have been entered into in 2023 and supply contract for another shipset of equipment package that was expected to be entered into by the end of 2024 were adversely affected due to the changes in industry conditions caused by the saturation of wind power market as mentioned above, that had in turn, resulted in an overall drop in market demand of equipment package shipsets. Such had affected the timing in executing the above shipsets contracts and consequently, contributed to the relatively low historical utilization rates.

We have further discussed with the Management in respect of the delay, since the delay was caused by the abovementioned saturation of wind power market that has resulted in a longer cycle and delayed timeframe for the tendering or negotiations exercises and coordination between various parties involved in the shipbuilding process. The Group is an indirect supplier and belongs to the upstream position of the industrial chain, position of the Company was relatively passive (especially changes in the end-customers' demand). We have further discussed and understood from the Management that, although the Company had a passive role in the projects, the Company had been closely following up with corresponding parties to acquire project progress from time to time.

The table below sets out the proposed Annual Caps for the Products:

	Annual Caps		
	For the year ending 31 December		
	2026	2027	2028
	<i>(US\$)</i>	<i>(US\$)</i>	<i>(US\$)</i>
Products Annual Caps	90,000,000	105,000,000	33,000,000

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As stated in the Letter from the Board, the Products Annual Caps were determined by the Company after taking into account:

- (i) the general condition of the offshore operations market;
- (ii) the estimated demand for the Products by the CM Industry Group from the Commencement Date to 31 December 2028;
- (iii) the expected selling prices of the Products from the Commencement Date to 31 December 2028;
- (iv) the transaction amounts arising from the delayed recognition of revenue in respect of the product sales under the Existing Master Supply and Purchase Agreement; and
- (v) a buffer for fluctuation of market prices and change in specifications of Products to provide flexibility to the Group.

For further details of the Products Annual Caps, please refer to the Letter from the Board.

In connection to the above, we have obtained an annual cap calculation table that details the basis and assumption of the Annual Caps (“**Annual Cap Schedule**”). We understand that the estimated demand of the Products were determined based on not less than 16 potential contracts on hand/in negotiations that are expected to be entered into during the three years ending 31 December 2026, 2027 and 2028, with estimated contract amount ranging between US\$0.2 million up to US\$600 million.

We noted that the average Products Annual Caps for the three years ending 31 December 2028 represents a decrease of not less than 50% as compared with the average Historical Products Annual Caps for the three years ended 31 December 2025. Based on our discussion with the Management, we understand that the Group has adopted a prudent approach in determining the Products Annual Caps after taken into account: (i) the actual transaction volume and utilization rate for the Products Sales under the Existing Master Supply and Purchase Agreement; (ii) the anticipated market demand for Products in light of current market conditions and project pipeline visibility; and (iii) the intention to maintain flexibility in resource allocation while ensuring the Products Annual Caps remain at a sufficient level to accommodate market demand.

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In addition, we had obtained the (i) list of signed contracts to be commenced in 2026 or 2027; and (ii) list of potential contracts that are under negotiation. We have further discussed with the Management the basis adopted by them in determining the Products Annual Caps, and having considered that (i) intended demand for the Products of CM Industry Group as shown from the list of signed contracts to be commenced in 2026 or 2027; (ii) the expected selling price of the Products; and (iii) the estimated buffer of approximately 10% of the Products Annual Caps, we are of the view that such basis thereunder is fair and reasonable.

Based on the list of signed contracts to be commenced in 2026 or 2027 and our discussion with the Management, considering the saturation of wind power market as mentioned above with the newly signed contracts on hand, the total contract amount representing more than 15% of the proposed annual caps for the Products Sales for the year ending 31 December 2026. We have also obtained the list of signed contracts/potential contracts to be entered and after further discussion with the Management, considering the signed contracts on hand accounted for approximately 17% of the proposed annual caps for the year ending 31 December 2026 and not less than eight potential contracts in negotiation accounted for approximately 73% of the proposed annual caps for the year ending 31 December 2026, with a total accounted for approximately 90% of the proposed annual caps for the year ending 2026 (details of which are listed out in the table below). We therefore are of the view that the proposed annual caps for the Product Sales under the Master Supply and Purchase Agreement are fair and reasonable.

	For the year ending 31 December 2026	Percentage to the Products Annual Caps
Signed contracts on hand	Approximately US\$15 million (equivalent to approximately RMB108 million)	Approximately 17%
Potential contracts in negotiation	Approximately US\$66 million (equivalent to approximately RMB476 million)	Approximately 73%
Buffer of 10% for new potential contract(s) in 2026	Approximately US\$9 million (equivalent to approximately RMB65 million)	Approximately 10%
Total	US\$90 million	100%

Based on our discussion with the Management, as at the Latest Practicable Date, the current status of the aforesaid potential contracts include: (i) eight signed contracts currently on hand with an aggregate amount of approximately US\$15 million and is expected to commence in the first quarter of 2026; and (ii) not less than eight potential contracts in negotiation, including matters on the project nature, product categories, which, based on current negotiation stages, these contracts may commence in 2026 or 2027, depending on the confirmation on contract terms and the time for entering into of the relevant contracts.

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Taking into account of the above, in particular, (i) list of signed contracts to be commenced in 2026 or 2027; (ii) list of potential contracts that are under negotiation; (iii) the estimated selling price of such Products based on the specifications required by CM Industry Group; and (iv) the saturation of wind power market lead to the low utilization rate for the Historical Annual Caps, we are of the view that the proposed annual caps under the Master Supply and Purchase Agreement are fair and reasonable as far as the Independent Shareholders are concerned. Nevertheless, the Shareholders are advised that the proposed annual caps under the Master Supply and Purchase Agreement only represent an estimate by the Group based on the information available at the relevant time and is not an indication of actual sales to be earned nor actual costs to be incurred by the Group.

4. Master Vessels Chartering and Management Services Agreement

4.1 Reasons for and benefits of entering into the Master Vessels Chartering and Management Services Agreement

As set out in the Letter from the Board, the Vessels Chartering and vessels services will be conducted in the ordinary and usual course of business of the Group and each transaction under the Master Vessels Chartering and Management Services Agreement will be negotiated on an arm's length basis and be conducted on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties.

As the Existing Master Vessels Chartering and Management Services Agreement will be expired on 31 December 2025, the entering into of the Master Vessels Chartering and Management Services Agreement will enable the Parties to facilitate the continued collaboration between the Parties, which is expected to generate operational synergies for the parties, and hence in the interests of the Company and the Shareholders as a whole.

With a focus on the renewable energy and oil and gas energy industry, the Group is committed to the transformation of offshore renewable energy and green energy technology. Under the Vessels Chartering, the Group will charter vessels or platforms from the CM Industry Group to further develop the Company's business and to strengthen the two-wheel drive strategy of the Group's energy equipment business and energy supply services business (including vessels chartering), in which, possible business models include the Company charters vessels or platforms to third parties. The Vessels Management Services will provide the Company with a stable source of income and cash flow, and will drive the Group's green transformation and the development of its strategic emerging businesses.

As disclosed in the 2025 Interim Report, the Group has successfully obtained orders for multiple sets of wave compensation cranes for cable-laying vessels and scientific research vessels, achieving a breakthrough in orders and opening up new business growth space. As such, it is anticipated that there will be a strong and stable demand for Vessels Chartering and vessels services, particularly as the Group undertakes more engineering and energy infrastructure projects, thereby enhancing the scalability of the Group's offshore operations.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In assessing the fairness and reasonableness of the terms of the Master Vessels Chartering and Management Services Agreement, we have obtained and reviewed six chartering contracts, selected on a random basis, entered into by the Group with independent third parties (the “**Sampled Chartering Contracts**”). We noted that the daily chartering rate was in the range of US\$42,000 per day to US\$78,000 per day. We have obtained and compared the preliminary rate offered by CM Industry Group (“**Connected Chartering Rates**”) and noted that the rate falls within the range from Sampled Chartering Contracts, is no less favourable to the Group than those charged by the Group to the independent third parties for similar transactions, which is in line with the relevant internal control measures of the Company. Given that the Sampled Chartering Contracts in aggregate represents not less than 50% of the number of contracts entered into by the Group with independent third parties during 2023 to 2025 and were provision of the same services with the Connected Chartering Rates, we are of the view the Sampled Chartering Contracts serve as an appropriate and representative reference for the market rates in relation to the provision of chartering services.

Having considered that, (i) entering into of the Master Vessels Chartering and Management Services Agreement will enable the Group in enhancing the scale of the Vessels Chartering and vessels services business; (ii) the CM Industry Group has established long-term business relationship with the Group such that CM Industry Group is able to satisfy the Group’s demands in an effective way; (iii) the importance of securing normal operation of engineering related services as the Vessels Chartering and the provision of vessels services forms part of the Group’s principal operations, and is expected to further enhance the revenue base of the Group; (iv) the pricing mechanism to ensure the relevant price were in line with prevailing market rates and on normal commercial terms; and (v) the transactions under the Master Vessels Chartering and Management Services Agreement shall be conducted on an arm’s length basis and on normal commercial terms, we are of the view that the entering into of the Master Vessels Chartering and Management Services Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

4.2 Principal terms of the Master Vessels Chartering and Management Services Agreement

The following information has been extracted from the Letter from the Board:

Date	14 November 2025
Effective Period	From the Commencement Date to 31 December 2028 (both days inclusive), terminable by either party giving to the other not less than two (2) months’ prior written notice.
Parties	<ol style="list-style-type: none">1. the Company2. CM Industry

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Condition precedent

The Master Vessels Chartering and Management Services Agreement and the transactions contemplated thereunder are conditional upon the approval of the Independent Shareholders at the EGM in accordance with the Listing Rules, if needed.

Nature of transaction

Pursuant to the Master Vessels Chartering and Management Services Agreement, the Group agrees to (i) charter vessels from the CM Industry Group and (ii) provide Vessels Management Services to the CM Industry Group, on a non-exclusive basis.

It is agreed that each agreement for the Vessels Chartering and/or Vessels Management Services will be entered into and be performed separately by the respective subsidiaries and associates of the Company and CM Industry under separate contracts, on terms to be mutually agreed in accordance with the terms and conditions of the Master Vessels Chartering and Management Services Agreement.

Pricing principles

Pursuant to the terms of the Master Vessels Chartering and Management Services Agreement, the Vessels Chartering and Vessels Management Services shall be conducted on normal commercial terms, in particular: (i) the Vessels Chartering and vessels services will be conducted on terms no less favourable to the Group than prevailing market terms available to or from (as appropriate) independent third parties based on its internal control measures; (ii) the Vessels Chartering and Vessels Management Services will be conducted in the ordinary and usual course of business of the Group and after arm's length negotiations; and (iii) the transaction amount in respect of the Vessels Chartering and Vessels Management Services will not exceed the Vessels Chartering Annual Caps and the Vessels Management Services Annual Caps (as the case may be) for the period from the Commencement Date to 31 December 2028.

(a) Vessels Chartering

The rates for the Vessels Chartering to be obtained by the Group from the CM Industry Group shall be determined by reference to (and in any event no less favourable than) the relevant comparable prevailing market rates for charter of vessels of comparable quality and type and on arm's length basis and on normal commercial terms.

Depending on the relevant transaction amounts, a management personnel of the Group authorised to approve the Vessels Chartering will review and compare the rates for Vessels Chartering offered by the CM Industry Group to the Group with at least two transaction records of comparable vessels chartering offered by the Group to independent third parties in the trading database of the Group before entering into individual implementation agreement in respect of the Vessels Chartering pursuant to the Master Vessels Chartering and Management Services Agreement.

In the event that the rates in respect of the Vessels Chartering provided by the CM Industry Group to the Group are less favourable to the Group than those offered by the Group to independent third parties for comparable vessels chartering of similar quality and type in the trading database of the Group, the Group will not enter into the Vessels Chartering.

The Group will at its best effort further negotiate with the CM Industry Group for more favourable terms in order to comply with the pricing principles of the Company as disclosed above.

(b) Vessels Management Services

The fees to be charged by the Group for the Vessels Management Services will be determined with reference to the Group's costs of provision of such services plus an earnings before interest and tax ("**EBIT**") margin of no less than 5%. The Company has engaged Valor Appraisal & Advisory Limited (the "**Valuer**"), an independent professional valuer who is of the view that the minimum EBIT margin is fair and reasonable, and is comparable with the market rate for vessel management services of comparable type and quality. The minimum EBIT margin is therefore no less favourable than the minimum margin enjoyed by other service providers in the market for comparable services.

Depending on the relevant transaction amounts, a management personnel of the Group authorised to approve the Vessels Management Services will review the fees for the Vessels Management Services provided by the Group to the CM Industry Group before entering into individual contracts in respect of the Vessels Management Services pursuant to the Master Vessels Chartering and Vessels Management Services Agreement to ensure that such fees will be charged on the basis of a margin no less than the minimum EBIT margin as disclosed above.

In the event that the fees in respect of the Vessels Management Services offered to the CM Industry Group by the Group are less favourable to the Group than the fees chargeable on the basis of the above-mentioned minimum EBIT margin, the Group will not enter into the Vessels Management Services.

The Group will at its best effort further negotiate with the CM Industry Group for more favourable terms in order to comply with the pricing principles of the Company as disclosed above.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Board has reviewed the fair opinion letter prepared by the Valuer and discussed with the Valuer. The director of the Valuer and person in charge of the fair opinion letter is a Chartered Financial Analyst charterholder, member of CPA Australia, professional member of Royal Institution of Chartered Surveyors, member of the Australasian Institute of Mining & Metallurgy and Registered Business Valuer and has over 17 years' experience in business and asset valuation. The director of the Valuer oversees the business and asset valuation services of the Valuer and has provided a wide range of valuation services to listed companies and private entities in different industries in the PRC, Hong Kong and Singapore and has practical experience in the valuation of offshore drilling units servicing the offshore energy industry. The Valuer is independent of and not connected with the Company and its connected persons. The Directors have assessed the qualifications, experience and track record of the Valuer and are of the view that the Valuer has sufficient experience and the relevant professional qualifications required to perform the evaluation of the fairness and reasonableness of the minimum EBIT margin.

Payment

The fees for the Vessels Chartering shall be payable by the Group to the CM Industry Group in cash based on the terms and conditions agreed by the parties in the individual implementation agreement(s). In general, the fees for the Vessels Chartering will be payable by the Group to the CM Industry Group on a monthly basis.

The fees for the Vessels Management Services shall be payable by the CM Industry Group to the Group in cash based on the terms and conditions agreed by the parties in the individual implementation agreement(s). In general, the fees for the Vessels Management Service shall be payable by the CM Industry Group to the Group within 30 days after the provision of the Vessels Management Service.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Information on Vessels Chartering

Vessels Chartering mainly include obtaining the right to use vessels or platforms from the CM Industry Group in the form of bareboat chartering etc. Vessels Chartering is a part of the vessels assets management business model of the Group, in respect of which the Group will manage and apply valued-added services to assets in its portfolio with a view of further provision of marketable, quality and reliable end products to its customers. The Group will observe market demands and charter vessels or platforms from the CM Industry Group under the Vessels Chartering for further operational management such as maintenance and other ancillary services. The serviced vessels or platforms as end products would be readily marketable and up to the standards and requirements of the customers and relevant governing authorities, which would then be sub-chartered out to customers sourced by the Group. The Group has deep knowledge and established business connections in the highly specialised fields of vessels and platform products and oil and gas exploration and development, which gives the Group access to customers in a distinguishable market.

Information on the Vessels Management Services

Vessels Management Services mainly include ship management services, vessel technical services, material procurement services (such as arranging and supervising dry dockings, repairs, refurbishments, alterations and maintenance work including but not limited to painting, marine fuel, lubricants, stores, spare parts and steel), appointment surveyors, technical consultants and crew supply, vessels repair and maintenance services, vessels agency services, delivery services and other ancillary services for vessels or platforms.

Further details of the principal terms of the Master Vessels Chartering and Management Services Agreement is set out in the Letter from the Board.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Board has reviewed the fair opinion letter prepared by Valuer in respect of the Vessels Management Services and the underlying methodology, and the Company has discussed with the Valuer in that regard, including but not limited to:

(i) *qualification and experience of the Valuer;*

The Valuer has sufficient experience and the relevant professional qualifications required to perform the evaluation of the fairness and reasonableness of the minimum 5% EBIT margin. The director of the Valuer and the person in charge of the fair opinion letter is a Chartered Financial Analyst charterholder, member of CPA Australia, professional member of Royal Institution of Chartered Surveyors, member of the Australasian Institute of Mining & Metallurgy and Registered Business Valuer and has over 17 years' experience in business and asset valuation. The Director of the Valuer oversees the business and asset valuation services of the Valuer and has provided a wide range of valuation services to listed companies and private entities in different industries in the People's Republic of China, Hong Kong and Singapore and has practical experience in the valuation of offshore drilling units servicing the offshore energy industry. The Valuer is independent of and not connected with the Company and its connected persons.

(ii) *methodology*

The Company notes that the Valuer has adopted market approach by making reference to comparable EBIT margins. The Valuer has looked for EBIT margins of vessels management services of offshore drilling units or vessels servicing the offshore energy industry to serve as comparable EBIT margins, making reference to (i) the reference EBIT margin level indicated in the Practical Compliance Guideline 2020/1: Transfer pricing issues related to projects involving the use in Australian Waters of non-resident owned mobile offshore drilling units – ATO compliance approach published by Australian Taxation Office; (ii) the approximate EBIT margins of rigs and vessels management calculated from segment information of two listed companies, which are Valaris Limited and Petra Energy Berhad; and (iii) overview of the nature of the vessels management services.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(iii) assumptions and basis

The Valuer has confirmed that market approach used in assessing the fairness and reasonableness of the minimum EBIT margin is one of the commonly adopted approaches for such type of exercises.

The Valuer has advised that the key assumptions of the engagement are those commonly adopted in similar assessment exercises in the market.

Taking into account the above factors, the Company considers that the approach adopted by the Valuer is common methodologies in assessing the fairness and reasonableness of the minimum EBIT margin and the bases and assumptions adopted by the Valuer are fair and reasonable.

4.3 Basis for determining the Annual Caps for the Vessels Chartering and the Vessels Management under the Master Vessels Chartering and Management Services Agreement

The table below sets out the proposed Annual Caps for (i) Vessels Chartering; and (ii) vessels services for each of three years ending 31 December 2028:

	Annual Caps		
	For the year ending 31 December		
	2026	2027	2028
	<i>(US\$)</i>	<i>(US\$)</i>	<i>(US\$)</i>
Vessels Chartering Annual Caps	62,000,000	30,000,000	52,000,000
Vessels Management Services Annual Caps	650,000	650,000	650,000

As stated in the Letter from the Board, the Vessels Chartering Annual Caps were determined by the Company after taking into account of:

- (i) the estimated demand for the Vessels Chartering (including the number and specifications of vessels or platforms estimated to be chartered and chartering arrangement (e.g. bareboat charter)) by the Group from the Commencement Date to 31 December 2028 and the period for which the vessels are expected to be chartered;
- (ii) the estimated chartering rates for vessels or platforms from the Commencement Date to 31 December 2028; and
- (iii) a buffer for fluctuation of market rates and change in specifications of vessel(s) or platform(s) to be chartered to provide flexibility to the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On the other hand, the Vessels Management Services Annual Caps were determined by the Company after taking into account:

- (i) the estimated demand for Vessels Management Services by CM Industry Group from the Commencement Date to 31 December 2028 (including the number of vessels and platforms estimated to be serviced and the actual scope of service required under the vessels services required);
- (ii) the estimated rates for the Vessels Management Services from the Commencement Date to 31 December 2028; and
- (iii) a buffer for change in the CM Industry Group's demand for or scope of services required under the Vessels Management Services to provide flexibility to the Group.

For further details of the Vessels Management Annual Caps, please refer to the Letter from the Board.

In connection to the above, from our review of the Annual Cap Schedule, we discussed with and noted that the estimated demand in respect of the Vessels Chartering and vessels services for the year ending 31 December 2026 were determined with reference on the numbers of potential contracts in negotiation of four vessels to be chartered during the year 2026, with contract amount ranging from US\$9.0 million up to US\$23.4 million.

In addition, we had obtained the (i) cost breakdown for each of the potential vessels in negotiation for chartering and management services; and (ii) list of potential vessels that are under negotiation. We have further discussed with the Management the basis adopted by them in determining the Vessels Chartering Annual Caps and the Vessels Management Annual Caps, understanding the difference on the Vessels Chartering Annual Caps and the Vessels Management Annual Caps for the years ending 31 December 2026, 2027 and 2028 is in relation to the proportion of chartering of vessels and vessels management services for each of the year, the four vessels as mentioned above only needed to conduct basic repair and maintenance or inspection before chartering, thus the proportion for vessels management services would be the same for the year ending 31 December 2026, 2027 and 2028. Having considered that (i) intended demand for the vessels chartering and management services of CM Industry Group as shown from the list of potential vessels that are under negotiation; (ii) the chartering price and price of management services expected for each of the vessels; and (iii) the reasons for the change of Vessels Chartering Annual Caps and Vessels Management Annual Caps as mentioned above, we are of the view that such basis thereunder is fair and reasonable.

Based on our discussion with Management, as at the Latest Practicable Date, the current status of the aforesaid potential projects are in the process of finalising the daily chartering rate and the chartering period. Based on current stage of negotiation, the abovementioned three vessels chartering and services are anticipated to commence in the third quarter of 2026 or first quarter of 2027, subject to the actual status of the agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Taking into account of the above, in particular, (i) cost breakdown for each of the potential vessels in negotiation for chartering and management services; (ii) list of potential vessels that are under negotiation and the current status; and (iii) the estimated chartering price and price of management services of the potential vessels in negotiation, we are of the view that the proposed annual caps under the Master Vessels Chartering and Management Services Agreement are fair and reasonable as far as the Independent Shareholders are concerned. Nevertheless, the Shareholders are advised that the proposed annual caps under the Master Vessels Chartering and Management Services Agreement only represent an estimate by the Group based on the information available at the relevant time and is not an indication of actual sales to be earned nor actual costs to be incurred by the Group.

4.4 The opinion from the Valuer

In consideration the fact that the three potential vessels are not common in the market in respect of the size, functions, technical specifications, capacity, number of personnel on board, etc., the Group had, on their best effort to obtain relevant quotations for similar vessels with similar specifications for management services, but due to the scarcity of the vessels mentioned above in the market, the Group was unable to obtain quotations from independent third parties for the comparison on the pricing for the management services. In order to evaluate the pricing for the management services for the potential vessels, a fair earnings before interest and taxes margin opinion letter were prepared by Valor Appraisal & Advisory Limited, an independent professional valuer (the “**Valuer**”) that such pricing for the management services are reasonable in the market and on normal commercial terms.

In order to evaluate the basis in determining the fair earnings before interest and taxes margin for the Vessels Chartering and Vessels Management Services, we have reviewed the opinion letter prepared by the Valuer (the “**Letter**”), and have discussed with the Valuer and Management. We noted that the Valuer has considered the market approach in providing their opinions on EBIT margin.

In preparing their opinions on fair earnings and before interest and taxes margin, the Valuer has also relied on and adopted the following information and assumptions (some of the key information or assumptions have been extracted and listed out as below):

- (i) there will be no material change in the existing political, legal, technological, fiscal or economic conditions which might adversely affect the economy in general and the operation of the subject offshore vessels;
- (ii) there will be no major changes in the current taxation laws related to the subject offshore vessels;
- (iii) there will be no material fluctuation of the finance costs and availability of finance related to the subject offshore vessels; and
- (iv) the Group will fulfil all legal and regulatory requirements for the principal businesses.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have discussed with the Valuer on the background and basis of the fair opinion letter. Given that the uniqueness and specialty of offshore vessels, comparable transactions or information identical or similar to such transaction is not available in public data, with such constraint, the Valuer therefore looked for EBIT margins of vessels management services of other offshore vessels to serve as the comparable EBIT margins for vessels management services. The Valuer has adopted the market approach for the fair opinion letter for the Vessels Management.

In arriving at the opinion of the fairness and reasonableness of the minimum EBIT margin of the Vessels Management Services, the Valuer has adopted market approach by making reference to comparable EBIT margins. Considering the scarcity of public information in relation to the EBIT margin of vessels management services of subject offshore vessels, the Valuer therefore looked for EBIT margins of vessels management services of other offshore vessels to serve as comparable EBIT margins for vessels management services of the subject offshore vessels. After obtaining the comparable EBIT margins, the Valuer adopted market approach to assess the EBIT margins in order to opine on the fairness and reasonableness of the minimum EBIT margin of the Vessels Management Services. As discussed with the Valuer and the Management, we are of the view that the adoption of such valuation methodology is reasonable.

We have obtained and reviewed the comparable EBIT margins adopted by the Valuer, we have further discussed with the Management and the Valuer to understand the reason of selecting other offshore vessels as comparable EBIT margins and given to understand that the other offshore vessels are within the same industry for providing similar management services. In order to opine the fairness and reasonableness of the minimum EBIT margin of no less than 5%, the Valuer further reference to the transfer pricing of offshore vessels for the oil and gas industry with the conclusion that project that has EBIT margin of less than 5% is in the moderate risk or high risk zones in relation to the transfer pricing approach. In order words, with less than 5% EBIT margin may indicate that the profitability of the project is subpar and risk of tax evasion is moderate or high. Therefore the Valuer is of the opinion that the minimum EBIT margin of no less than 5% of the Vessels Management Services is fair and reasonable, and is comparable with the market rate for vessel management services of comparable type and quality. We are of the view that adopting EBIT margins of other offshore vessels as comparable margin is reasonable and acceptable.

In order to further verify the source of information considered in the opinion, we also conducted our own research on the referencing information to cross check the reasonableness of the parameters considered in the Letter. Regarding the EBIT margins of vessels management services of the subject offshore vessels, we have conducted our own research but no relevant information can be identified. We therefore concur with the Valuer that public information regarding the EBIT margins of vessels management services of the subject offshore vessels are scarce and limited and need to use the information regarding EBIT margins of vessels management services of other offshore vessels.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Considering the (i) comparable EBIT margins were higher than 5% and (ii) project that has EBIT margin of less than 5% is in the moderate risk or high risk zones in relation to the transfer pricing approach as mentioned in the Letters, we concur with the Valuer's view and is of the opinion that the EBIT margin of no less than 5% for the Vessels Management Services is fair and reasonable, and is comparable with the market rate for vessel management services of comparable type and quality and is also no less favourable than the minimum margin enjoyed by other service providers in the market for comparable services.

Accordingly, we are of the view that the referencing information considered in the Letter is true and fair and comparable EBIT margins adopted by the Valuer are fair and reasonable so far as the Company and Independent Shareholders are concerned.

Besides, we have discussed with the Valuer in relation to their experiences and understood that Mr. Haydn Lee, the Director of the Valuer and the person in charge of the fair opinion letters, is a Chartered Financial Analyst charterholder, member of CPA Australia, professional member of Royal Institution of Chartered Surveyors, member of the Australasian Institute of Mining & Metallurgy and Registered Business Valuer. He has over 17 years' experience in business and asset valuation. He oversees the business and asset valuation services of the Valuer and has provided a wide range of valuation services to listed companies and private entities in different industries in the People's Republic of China, Hong Kong and Singapore. Given Mr. Lee and the Valuer has plenty of practical experience in the valuation of offshore drilling units servicing the offshore energy industry in Hong Kong and the PRC, we are of the view that he is qualified to provide reliable opinions in the Letter. As discussed with the Valuer, they have no prior relationships with the Group or other parties and connected persons to the Master Vessels Chartering and Management Services Agreement, and we are of the view that the independence and objectivity of the Valuer is fair and equitable in providing opinion in the Letter. We also reviewed the terms of the engagement for providing opinion in the Letters and the scope of work performed by the Valuer is appropriate to give the opinion. Based on the above, we are not aware of any major factor which caused us to doubt the fairness and reasonableness of the assumptions and methodologies adopted for the Letter.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. Internal control procedures of the Group in respect of the transactions between the Group and the CM Industry Group

In order to safeguard the interests of the Company and the Shareholders as a whole, the Group has adopted the following guidelines and principles for monitoring the Transactions between the Group and the CM Industry Group.

As set out in the Letter from the Board, under such internal control measures, the Group maintains a trading database containing selling prices of its Products, rates for the Vessels Chartering and relevant terms and conditions of such transactions. The information in the trading database is obtained in the course of the Group's operations and from the Group's internal sources (including information in respect of transactions entered into by different divisions/departments of the Group). The Company will continue to develop and maintain the trading database so as to include pricing information in relation to Products sold by and Vessels Chartering provided by the Group in the future. Designated personnel of the sales department of the Group are responsible for the maintenance of the trading database, and the trading database is generally updated on an instantaneous (or as soon as practicable) basis after the materialisation or consummation of a sales or service transaction. A supervising vice president of the Group is designated to monitor and supervise the maintenance of the trading database to ensure that up-to-date records of the selling terms, prices/rates and transaction records for products sold and services provided by the Group are properly kept. The Company will also conduct random checks on the trading database so as to ensure that an effective and sound internal control measures are in place so that the Products Sales and Vessels Chartering are conducted on a fair and reasonable basis.

The relevant business units and departments of the Group will monitor and review the prices/rates and terms in respect of the Continuing Connected Transactions regularly in order to ensure that the Continuing Connected Transactions are conducted on normal commercial terms, in accordance with the annual caps set by the Company and the terms are no less favourable to the Group than those available to/from independent third parties. The Company will designate specific personnel from the internal control department to monitor the Continuing Connected Transactions and any irregularities in respect of the Continuing Connected Transactions will be reported to the senior management of the Group in a timely manner.

The Group will also conduct sample internal checks (the “**Internal Sample Check**”) on a quarterly basis to ensure that the internal control measures in respect of the Continuing Connected Transactions remain intact and effective.

The Company will report the Continuing Connected Transactions to the independent non-executive Directors during each of the audit committee meetings (if necessary) according to the audit committee meeting agenda.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Continuing Connected Transactions will be reviewed by the independent non-executive Directors every year and reported in the annual reports of the Company, which provides a check and balance to ensure that the Continuing Connected Transactions were conducted in accordance with the terms of the Continuing Connected Transactions Agreements, on normal commercial terms (or terms no less favourable than terms available to the Group from independent third parties), and in accordance with the pricing principles of the Company and the annual caps pursuant to the Listing Rules.

The Company's independent auditor will be engaged to report on the Continuing Connected Transactions under Continuing Connected Transactions Agreements, which would, for the purpose of Rule 14A.56 of the Listing Rules, assist the Board in ensuring that the Continuing Connected Transactions: (i) have proper Board approval; (ii) have in all material respects been conducted in accordance with the pricing policies of the Group; (iii) were entered into, in all material respects, in accordance with the Continuing Connected Transactions Agreements; and (iv) have not exceeded the annual caps set by the Company.

5.1 Our analysis and work performed in relation to the internal control measures

In connection with the above, we have discussed with the Management and understand that, the Group maintains a trading database to assess market prices for the Products and the rates of Vessels Chartering services. Prior to entering into individual transactions, the Company will make use of the information, in particular, the pricing information on the database accumulated through the course of the Group's operations and historical transactions recorded that were entered into by different departments of the Group. In addition to the information obtained through the database, the Group will regularly conduct market research of the prices/rates for the applicable products and services to ensure that the prices aligned with prevailing market conditions, and that the terms are no less favourable to the Group than those available from independent third parties. To ensure the aforesaid is being adhered to, relevant departments and personnel of the Group will continuously monitor and review the pricing terms, and to report any irregularities to the senior management in a timely manner.

In relation to the above, we have obtained and reviewed (i) not less than six sets of internal approval record for each of the Product Sales and Vessels Chartering conducted during the three years ending 31 December 2025, selected on a random basis; (ii) the relevant price comparison and quotations collection documents for each of the aforesaid transactions; (iii) the relevant approval records by various department of the Company prior to entering into each of the individual transactions; and (iv) the latest auditor's report regarding the Continuing Connected Transactions. From our review of the aforementioned documents, we noted that the terms of the aforesaid transactions, in particular the pricing basis and payment terms were determined in accordance with relevant internal control procedures which were being adopted and adhered to by the Group.

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We also noted that, pursuant to the Master Supply and Purchase Agreement and the Master Vessels Chartering and Management Services Agreement, any sales and purchase between the Group and CM Industry Group or other relevant vessels services are on a non-exclusive basis, ensuring the terms of the individual transactions to be entered on terms that are fair and reasonable and on normal commercial terms. Accordingly, the Group is not obligated to transact with CM Industry Group and would only do so if it is in the commercial interests of the Group, and it does not restrict the Group from selling to other customers.

Having considered, in particular, (i) segregation of duties among various personnel and departments of the Group for the monitor and maintenance of the trading database, which is designated to ensure that the sales and purchase of products or services are fair and reasonable; (ii) ongoing market benchmarking to ensure the prices aligned with prevailing market standards; (iii) regular internal checks by relevant business units and departments to identify and address any irregularities in respect of the Continuing Connected Transactions; (iv) review by the Group's independent non-executive Directors and independent auditor; and (v) the non-exclusive basis in relation to the sales of products and services, we consider that an adequate and robust internal control measures and pricing mechanisms are in place, and the proper implementation of these internal control policies would ensure the Transactions to be conducted on terms which are fair and reasonable and on normal commercial terms. Accordingly, we are of the opinion that the terms of the Master Supply and Purchase Agreement and the Master Vessels Chartering and Management Services Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

VII. RECOMMENDATION

Having considered the factors as set out in this letter above, in particular,

- (i) the reasons for and benefits of the for entering into the Master Supply and Purchase Agreement and the Master Vessels Chartering and Management Services Agreement;
- (ii) the entering into of the Master Supply and Purchase Agreement and the Master Vessels Chartering and Management Services Agreement are conducted in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole;
- (iii) the terms of the Master Supply and Purchase Agreement and the Master Vessels Chartering and Management Services Agreement are on normal commercial terms, are fair and reasonable so far as the Company and the Independent Shareholders are concerned and are in the interests of the Group and the Shareholders as a whole; and
- (iv) the Products Annual Caps under the Master Supply and Purchase Agreement and the Vessels Chartering Annual Caps under the Master Vessels Chartering and Management Services Agreement are reasonably determined, and are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Accordingly, we advise the Independent Board Committee to recommend, and we recommend, the Independent Shareholders to vote in favour of the relevant ordinary resolution to approve the Master Supply and Purchase Agreement and the Master Vessels Chartering and Management Services Agreement (together with the Annual Caps) at the EGM.

Yours faithfully
For and on behalf of
Red Sun Capital Limited
Robert Siu
Managing Director

Mr. Robert Siu is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 26 years of experience in corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the financial years ended 31 December 2022, 2023 and 2024 and for the six months ended 30 June 2025, is disclosed in the following documents which have been published both on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.cm-energy.com/, respectively:

- Annual report of the Company for the year ended 31 December 2022 (pages 155 to 258);
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0419/2023041900455.pdf>
- Annual report of the Company for the year ended 31 December 2023 (pages 171 to 285);
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0419/2024041900041.pdf>
- Annual report of the Company for the year ended 31 December 2024 (pages 163 to 281); and
<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0417/2025041700005.pdf>
- Interim report of the Company for the six months ended 30 June 2025 (pages 3 to 20).
<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0915/2025091500377.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 October 2025, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had the following indebtedness:

Lease liabilities

As at 31 October 2025, the Group had lease liabilities of approximately USD39,532,101.

Save as aforesaid or as otherwise disclosed herein, as at 31 October 2025, being the latest practicable date for the purpose of this statement of indebtedness of the Group prior to the printing of this circular, apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Group did not have any other bank overdrafts, loans, debt securities of other similar indebtedness, mortgages, charges, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors, after due and careful consideration and taking into account the effects of the Continuing Connected Transactions and the financial resources available to the Group, including but not limited to internally generated funds and the available facilities, the Group will have sufficient working capital for at least the next twelve months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Company will focus on the “Hydrogen (green energy), Ships (high-end equipment), Intelligence (drive control), and Maritime (maritime services)” industry layout according to the five-year strategic plan. With high-end equipment and green energy as the two wings of development, the Company has focused on hydrogen-based energy, energy equipment, intelligent electronic control, maritime services and other aspects, striving to become a green energy and equipment service provider serving the shipping industry. In terms of traditional business, in the upward cycle of shipbuilding, we will strengthen synergy with shareholder companies and the penetration rate of shipbuilding and offshore supporting products, and continue to serve green intelligent manufacturing. At the same time, we will focus on the transformation and upgrading of existing business, new product development, and addressing the technology “bottlenecks” of core products, improving independent design capabilities, exploring products with weak cyclicity and low risk, stabilizing the supply chain and reducing supporting costs. In terms of emerging business, we will accelerate the layout of new areas and new tracks for value creation, realize orders for hydrogen production equipment, hydrogenation equipment and green energy as soon as possible, seize market resources and develop commanding heights, and hope to gain more opportunities and advantages in the competition.

In terms of the hydrogen-based energy industry layout, we will solidify the attributes of new energy enterprises. CM Green Energy primarily engages in project operation, focusing on businesses such as green energy project investment, green energy production and operation, as well as green energy trading. Huaxia Hydrogen primarily engages in equipment research and production, focusing on businesses such as hydrogen production equipment, core component research and development, and hydrogen production system testing services. The Company will focus on the two starting points of “hydrogen production” and “hydrogen-based fuel” to form core competitiveness in the market at the equipment end and industrial end, develop hydrogen, methanol, ammonia, as well as small and medium-sized hydrogen production plant projects to set up upstream and downstream resources in the industrial chain, commit to the overseas strategy, leveraging its existing mature overseas network to track local hydrogen production project opportunities, and considering models such as “domestic production + overseas assembly” or direct overseas production when necessary. We will do a good job in the reserve and accumulation of potential future technologies: research and reserve related technologies such as offshore hydrogen production and storage, and methanol/ammonia production.

In terms of high-end equipment, we will continue to expand our product lines, continue to be based on offshore engineering and shipbuilding and offshore supporting products, seizing the upward cycle of shipbuilding, expanding the spectrum of offshore supporting products, and provide shipowners and shipyards with comprehensive full-cycle low-carbon/zero-carbon solutions, promote the scale of equipment manufacturing development, continue to expand the field of shipbuilding and offshore supporting, and continue to make efforts in liftboat, offshore wind power installation ships, operation and maintenance mother ships, and key equipment of other ship types, etc., target the recovery opportunities in the traditional oil and gas energy market, gradually restore the original team's design, manufacturing and service capabilities for offshore drilling rigs to prepare for potential orders, develop new energy and low-carbon product production lines, targeting products such as marine sails, carbon dioxide capture, mass production of electrolysis tanks and hydrogen-based fuel supply systems, gradually developing serialized, large-scale, long-term products to solidify and enrich the product list of CM Energy. At the same time, based on the original electronic control field, we will seize the market's hot tracks and find breakthroughs in combining with electric power control with fields such as AI technology, big data, cloud computing, low-altitude, biomanufacturing and green technology to rapidly complete transformation and upgrading.

In terms of global services, with the aim of “serving the global market, serving energy transition, and serving value creation”, we focus on marine services, maintenance services and asset management services to establish a solid global service center, using overseas new energy projects as an entry point to drive domestic new energy equipment orders, and actively construct an overseas green fuel trade system, use traditional businesses such as oil and gas engineering and services as a foundation, with the principles of substantial returns and controllable risks, to deeply cultivate localized oil and gas engineering businesses and ensure the overseas revenue foundation, while also driving orders for traditional oil and gas products from China Merchants TSC Offshore Tech Ltd. and TSC-HHCT Control and Drive Technology Co., Ltd.. We will also explore and develop new technologies, new products and new services for carbon reduction and emission reduction in traditional oil and gas engineering businesses.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures

As at the Latest Practicable Date, the interests and short positions of the Directors, proposed Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short positions which were taken or deemed to have been taken under such provisions of the SFO); (ii) recorded in the register maintained by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as adopted by the Company, were as follows:

Name	Company	Capacity	Type of interest	Number of Shares	Approximate % of shareholding (Note 1)
Mr. Zhan Huafeng	Company	Beneficial owner	Long Position	1,000,000	0.03%
Mr. Zhang Menggui, Morgan	Company	Beneficial owner	Long Position	65,979,100	2.03%

Notes:

1. The percentage is calculated on the basis of 3,243,433,914 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, proposed directors and chief executives of the Company had any interest or short position in the Shares, underlying shares or debentures of the Company and any of its associated corporations which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO) or the Model Code adopted by the Company; or (ii) entered in the register required to be kept under Section 352 of the SFO.

(b) Substantial shareholders' and other persons' interests in the shares and underlying shares of the Company

As at the Latest Practicable Date, so far as was known to the Directors or chief executives of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, other than the interests of the Directors, proposed directors and chief executives of the Company as disclosed above, shareholders who had interests or short positions in the shares or underlying shares of the Company of 5% or more which need to be disclosed to the Company under the provisions of Divisions 2 and 3 of part XV of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO, were as follows:

Name of Shareholder	Capacity	Long Position/ Short Position	Number of Shares	Approximate% of issued share capital of the Company (Note 4)
CM Group (Note 1)	Interest of controlled corporation	Long Position	3,152,089,000	97.18%
China Merchants Steam Navigation Company Limited ("CM Steam Navigation") (Note 1)	Interest of controlled corporation	Long Position	1,530,372,000	47.18%
CM Industry (Note 1)	Interest of controlled corporation	Long Position	1,530,372,000	47.18%
China Merchants Heavy Industry Holdings Limited ("CM Heavy Industry") (Note 1)	Interest of controlled corporation	Long Position	1,530,372,000	47.18%
Prime Force Investment Corporation ("Prime Force") (Note 1)	Beneficial owner	Long Position	1,530,372,000	47.18%
Fok Hei Yu (Note 3)	Interest of controlled corporation	Long Position	424,751,000	13.10%
Aaron Luke Gardner (Note 3)	Interest of controlled corporation	Long Position	424,751,000	13.10%
Minyun Limited (in liquidation) (Note 3)	Beneficial owner	Long Position	424,751,000	13.10%
China International Marine Containers (Hong Kong) Ltd. ("CIMC HK") (Note 2)	Beneficial owner	Long Position	185,600,000	5.72%
China International Marine Containers (Group) Co., Ltd. ("CIMC Group") (Note 2)	Interest of controlled corporation	Long Position	185,600,000	5.72%

Notes:

1. Prime Force is a company incorporated in the British Virgin Islands and is wholly-owned by CM Heavy Industry and CM Heavy Industry is therefore deemed to be interested in the 1,530,372,000 Shares in which Prime Force is interested in under Part XV of the SFO.

CM Industry holds 100% of the equity interest in CM Heavy Industry, and is a wholly-owned subsidiary of CM Steam Navigation which is a wholly-owned subsidiary of CM Group. CM Industry, CM Steam Navigation and CM Group are respectively deemed to be interested in the 1,530,372,000 Shares in which CM Heavy Industry is interested in under Part XV of the SFO.

The Company has conditionally agreed to issue and allot, and China Merchants Innovation and Technology (Hong Kong) Co., Limited (“**CM Innovation (HK)**”) has conditionally agreed to subscribe for, 1,621,717,000 Shares pursuant to a conditional subscription agreement dated 30 December 2024. CM Innovation (HK) is wholly-owned by Sinotrans Shipping (Holdings) Limited, which was in turn wholly-owned by China Economic and Trade Shipping Co., Ltd.* (中國經貿船務有限公司) (“**China Econ**”). China Econ is wholly-owned by China Merchants Investment Development Company Limited* (招商局投資發展有限公司), which is in turn wholly-owned by China Merchants Innovation Technology (Group) Co., Ltd.* (招商局創新科技(集團)有限公司) (“**CM Innovation Group**”). CM Innovation Group is a 100% owned subsidiary of CM Group. Therefore, CM Group is deemed to be interested in the 1,621,717,000 Shares in which CM Innovation (HK) is interested under Part XV of the SFO.

Mr. Mei Zhonghua, Mr. Liu Jiancheng, Mr. Tam Wing Tim hold positions within the CM Industry Group.

2. CIMC Group holds the entire issued share capital of CIMC HK. Therefore, CIMC Group is deemed to be interested in the 185,600,000 Shares held by CIMC HK under Part XV of the SFO.
3. On 2 December 2024, Minyun Limited (in liquidation) was placed into liquidation pursuant to an Order of the Eastern Caribbean Supreme Court in the High Court of Justice in the British Virgin Islands. Mr. Aaron Gardner and Mr. Fok Hei Yu were appointed as Joint and Several Liquidators of Minyun Limited (in liquidation) on the same day. They were deemed to be interested in the 424,751,000 Shares in which Minyun Limited (in liquidation) was interested under Part XV of the SFO.
4. The percentage is calculated on the basis of 3,243,433,914 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other persons or companies who had any interest or short position in the Shares or underlying Shares of the Company that was required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into a service contract with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, proposed directors of the Company or their respective close associates had any interest in a business which competes or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group.

5. MATERIAL ADVERSE CHANGE

The Directors confirm that there had been no material adverse change in the financial or trading position or outlook of the Group since 31 December 2024 (the date to which the latest audited consolidated financial statements of the Group were made up) and up to and including the Latest Practicable Date.

6. MATERIAL LITIGATION

As at the Latest Practicable Date and so far as the Directors are aware, no member of the Group was engaged in any litigation, claims or arbitration of material importance and there was no litigation or claim or arbitration of material importance known to the Directors to be pending or threatened by or against any member of the Group.

7. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, save as disclosed in this circular:

- (a) none of the Directors nor their respective associates was materially interested, directly or indirectly, in any contract or arrangement subsisting, which was significant in relation to the business of the Group; and
- (b) none of the Directors nor their respective associates had any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by the members of the Group within the two years preceding the Latest Practicable Date and which are, or may be, material:

- (a) the Master Supply and Purchase Agreement;
- (b) the Master Vessels Chartering and Management Services Agreement;
- (c) the master lease agreement dated 14 November 2025 (the “**Master Lease Agreement**”) entered into between the Company and CM Industry in respect of the lease of the Group’s premises by the CM Industry Group (as lessor) to the Group (as lessee). The annual caps for the leases under the Master Lease Agreement (representing the total values of right-of-use assets relating to leases to be entered into by the Group) for each of the three years ending 31 December 2026, 2027 and 2028 are USD1.2 million, USD2.7 million and USD2.0 million, respectively; and the annual caps for the managements fees under the Master Lease Agreement for each of the three years ending 31 December 2026, 2027 and 2028 are USD60,000, USD60,000 and USD60,000, respectively; and

- (d) the conditional subscription agreement dated 30 December 2024 and entered into between the Company and CM Innovation (HK), pursuant to which CM Innovation (HK) has agreed to subscribe for 1,621,717,000 new Shares to be issued by the Company at the price of HK\$0.20 per Share for a total consideration of HK\$324,343,400 in cash.

9. EXPERT'S QUALIFICATIONS AND CONSENTS

The following are the qualifications of the expert who has given its opinions and advice which are included in this circular:

NAME	QUALIFICATION
Red Sun Capital Limited	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter(s), report(s), advice(s) in the form and context in which it is included and all references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which have been, since 31 December 2024, the date to which the latest published audited consolidated financial statements of the Group were made up, acquired, disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be displayed on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.cm-energy.com/ for a period of 14 days from the date of this circular:

- (a) the Master Supply and Purchase Agreement;
- (b) the Master Vessels Chartering and Management Services Agreement;
- (c) the letter from the Independent Board Committee, the text of which is set out in the section headed "Letter from the Independent Board Committee" in this circular;
- (d) the letter from the Independent Financial Adviser, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" in this circular; and
- (e) the written consent referred to in the paragraph headed "Expert's Qualifications and Consents" above.

11. GENERAL

- (a) The company secretary of the Company is Ms. Koo Ching Fan. Ms. Koo Ching Fan is a director of Fair Wind Secretarial Services Limited and currently holds various offices of listed companies as company secretary. She is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute and a fellow member of The Association of Chartered Certified Accountants. She has over 20 years of experience in the company secretarial work.
- (b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (c) The head office and principal place of business of the Company in Hong Kong is at 3/F, Office Building, No. 1-7 Sai Tso Wan Road, Tsing Yi Island, New Territories, Hong Kong.
- (d) The principal share registrar of the Company is Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (e) The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

NOTICE OF EGM



CM Energy Tech Co., Ltd. 华商能源科技股份有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 206)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Words and expressions that are not expressly defined in this notice shall bear the same meaning as those defined in the circular to the shareholders of the Company dated 10 December 2025 (the “Circular”), unless the context requires otherwise.

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the Company will be held at 5th Floor, China Merchants Development Center, No. 1089 Nanhai Avenue, Nanshan District, Shenzhen, the PRC on Tuesday, 30 December 2025 at 10:00 a.m. to consider and, if thought fit, to pass with or without amendments the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. **“THAT:**

- (a) the form and substance of the Master Supply and Purchase Agreement, a copy of which has been produced to this meeting marked “A” for the purpose of identification, the terms and conditions thereof, and the Product Sales contemplated thereunder be and are hereby approved, confirmed and ratified in all respects;
- (b) the proposed Products Annual Caps for each of the three years ending 31 December 2026, 2027 and 2028 be and are hereby approved, confirmed and ratified in all respects; and
- (c) the execution of the Master Supply and Purchase Agreement by any one Director be and is hereby approved, confirmed and ratified in all respects, and any one Director be and is hereby authorised to do all such acts and things and execute and deliver all such documents, deeds or instruments and take all such steps as such Director in his/her sole opinion and absolute discretion may consider necessary, appropriate or desirable to implement or give effect to the Master Supply and Purchase Agreement and transactions contemplated thereunder.”

NOTICE OF EGM

2. “**THAT:**

- (a) the form and substance of the Master Vessels Chartering and Management Services Agreement, a copy of which has been produced to this meeting marked “B” for the purpose of identification, the terms and conditions thereof, and the Vessels Chartering contemplated thereunder be and are hereby approved, confirmed and ratified in all respects;
- (b) the proposed Vessels Chartering Annual Caps for each of the three years ending 31 December 2026, 2027 and 2028 be and are hereby approved, confirmed and ratified in all respects; and
- (c) the execution of the Master Vessels Chartering and Management Services Agreement by any one Director be and is hereby approved, confirmed and ratified in all respects, and any one Director be and is hereby authorised to do all such acts and things and execute and deliver all such documents, deeds or instruments and take all such steps as such Director in his/her sole opinion and absolute discretion may consider necessary, appropriate or desirable to implement or give effect to the Master Vessels Chartering and Management Services Agreement and the transactions contemplated thereunder.”

By order of the Board
CM Energy Tech Co., Ltd.
Mei Zhonghua
Chairman

Hong Kong, 10 December 2025

Notes:

- 1. The register of members of the Company will be closed from Tuesday, 23 December 2025 to Tuesday, 30 December 2025, both days inclusive, during which period no transfer of Shares can be registered. The record date for determining the eligibility of the Shareholders to attend and vote at the EGM will be on Tuesday, 30 December 2025. In order to qualify for the entitlement to attend and vote at the meeting, all transfer documents, accompanied by the relevant share certificates, must be duly completed and lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 22 December 2025.
- 2. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote in his/her stead. A member who is the holder of two or more Shares may appoint more than one proxy to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed. A proxy need not be a member of the Company, but must attend the meeting in person to represent you.
- 3. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM (i.e. at 10:00 a.m. on Sunday, 28 December 2025) (Hong Kong time) or any adjourned meeting.
- 4. Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the EGM if the member so desires and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- 5. Where there are joint holders of any Share, any one of such persons may vote at any meeting, either in person or by proxy, in respect of such Share as if he was solely entitled thereto; but if more than one of such joint holders are present at any meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
- 6. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, all resolution(s) proposed at the EGM shall be voted by poll.