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COSCO SHIPPING ENERGY TRANSPORTATION CO., LTD.*
中遠海運能源運輸股份有限公司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1138)

CONNECTED TRANSACTIONS
DISPOSALS OF EQUITY INTERESTS AND ASSETS

DISPOSALS OF EQUITY INTERESTS AND ASSETS

The Board is pleased to announce that on 12 June 2020:

- (1) Dalian Tanker (a wholly-owned subsidiary of the Company) and COSCO SHIPPING Investment Dalian entered into the Equity Transfer Agreements, pursuant to which Dalian Tanker has agreed to dispose of, and COSCO SHIPPING Investment Dalian has agreed to acquire: (i) 70% of the equity interests in Shenzhen Longpeng at the consideration of RMB77,455,500; (ii) 60% of the equity interests in Dalian Electronics at the consideration of RMB2,442,200; (iii) 57.5% of the equity interests in Dalian Haven at the consideration of RMB1,833,200; and (iv) 15% of the equity interests in Da-In Ferry at the consideration of RMB7,102,900;
- (2) Dalian Tanker and COSCO SHIPPING Investment Dalian entered into the Dalian Tanker Asset Transfer Agreement, pursuant to which Dalian Tanker has agreed to dispose of, and COSCO SHIPPING Investment Dalian has agreed to acquire, the Dalian Tanker Assets at the consideration of RMB220,599,600 (exclusive of value-added tax); and
- (3) Dalian Tanker and Dalian Material Supply entered into the Dalian Tanker Supply Branch Asset Transfer Agreement, pursuant to which Dalian Tanker has agreed to dispose of, and Dalian Material Supply has agreed to acquire, the Dalian Tanker Supply Branch Assets, the Dalian Tanker Supply Branch Inventories and the Dalian Tanker Supply Branch Creditor's Right at the aggregate consideration of RMB92,664,500 (exclusive of value-added tax).

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, 601,719,197 A Shares are directly held by COSCO SHIPPING and 1,554,631,593 A Shares are held by China Shipping Group Company Limited* (中國海運集團有限公司) (a wholly-owned subsidiary of COSCO SHIPPING) and its subsidiaries. Therefore, COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 2,156,350,790 A Shares, representing approximately 45.28% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING is a controlling shareholder of the Company and therefore a connected person of the Company.

Each of COSCO SHIPPING Investment Dalian and Dalian Material Supply is an associate of COSCO SHIPPING and therefore a connected person of the Company. Accordingly, the Disposals constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

Pursuant to Rule 14A.81 of the Hong Kong Listing Rules, the Disposals were entered into by the Group with parties who are connected with one another and therefore, the Disposals should be aggregated. After aggregation, as one or more applicable percentage ratios calculated in accordance with the Hong Kong Listing Rules in respect of the Disposals exceed 0.1% but are less than 5%, the Disposals are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 12 June 2020:

- (1) Dalian Tanker (a wholly-owned subsidiary of the Company) and COSCO SHIPPING Investment Dalian entered into the Equity Transfer Agreements, pursuant to which Dalian Tanker has agreed to dispose of, and COSCO SHIPPING Investment Dalian has agreed to acquire: (i) 70% of the equity interests in Shenzhen Longpeng at the consideration of RMB77,455,500; (ii) 60% of the equity interests in Dalian Electronics at the consideration of RMB2,442,200; (iii) 57.5% of the equity interests in Dalian Haven at the consideration of RMB1,833,200; and (iv) 15% of the equity interests in Da-In Ferry at the consideration of RMB7,102,900;
- (2) Dalian Tanker and COSCO SHIPPING Investment Dalian entered into the Dalian Tanker Asset Transfer Agreement, pursuant to which Dalian Tanker has agreed to dispose of, and COSCO SHIPPING Investment Dalian has agreed to acquire, the Dalian Tanker Assets at the consideration of RMB220,599,600 (exclusive of value-added tax); and

- (3) Dalian Tanker and Dalian Material Supply entered into the Dalian Tanker Supply Branch Asset Transfer Agreement, pursuant to which Dalian Tanker has agreed to dispose of, and Dalian Material Supply has agreed to acquire, the Dalian Tanker Supply Branch Assets, the Dalian Tanker Supply Branch Inventories and the Dalian Tanker Supply Branch Creditor's Right at the aggregate consideration of RMB92,664,500 (exclusive of value-added tax).

THE EQUITY TRANSFER AGREEMENTS

The principal terms of the Equity Transfer Agreements are set out below.

Date

12 June 2020

Parties

- (1) Dalian Tanker (as transferor); and
- (2) COSCO SHIPPING Investment Dalian (as transferee).

Subject matter

Pursuant to the Equity Transfer Agreements, Dalian Tanker has agreed to dispose of, and COSCO SHIPPING Investment Dalian has agreed to acquire: (i) 70% of the equity interests in Shenzhen Longpeng; (ii) 60% of the equity interests in Dalian Electronics; (iii) 57.5% of the equity interests in Dalian Haven; and (iv) 15% of the equity interests in Da-In Ferry, subject to the terms and conditions thereof.

COSCO SHIPPING Investment Dalian shall be entitled to or bear the corresponding portion of any changes in the shareholders' equity in respect of the equity interests to be transferred pursuant to the Equity Transfer Agreements during the Transition Period.

Consideration and payment terms

Pursuant to the Equity Transfer Agreements:

- (1) the consideration for 70% of the equity interests in Shenzhen Longpeng is RMB77,455,500;
- (2) the consideration for 60% of the equity interests in Dalian Electronics is RMB2,442,200;
- (3) the consideration for 57.5% of the equity interests in Dalian Haven is RMB1,833,200; and
- (4) the consideration for 15% of the equity interests in Da-In Ferry is RMB7,102,900.

The consideration under each of the Equity Transfer Agreements shall be payable by COSCO SHIPPING Investment Dalian to Dalian Tanker in cash within 10 business days after the date of the Equity Transfer Agreements.

The consideration was determined after arm's length negotiations between Dalian Tanker and COSCO SHIPPING Investment Dalian with reference to the appraised values of 70%, 60%, 57.5% and 15% of the equity interests in Shenzhen Longpeng, Dalian Electronics, Dalian Haven and Da-In Ferry of RMB77,455,500, RMB2,442,200, RMB1,833,200 and RMB7,102,900, respectively as at the Valuation Date as set out in the relevant Valuation Reports. The aforementioned appraised values in respect of the equity interests in Shenzhen Longpeng, Dalian Electronics and Dalian Haven were determined based on the income approach in accordance with the PRC laws and regulations and the aforementioned appraised value in respect of the equity interests in Da-In Ferry was determined based on the asset-based approach in accordance with the PRC laws and regulations.

Completion

The date of completion of the Equity Transfers shall be the date of completion of the respective change of industrial and commercial registration.

THE DALIAN TANKER ASSET TRANSFER AGREEMENT

Date

12 June 2020

Parties

- (1) Dalian Tanker (as transferor); and
- (2) COSCO SHIPPING Investment Dalian (as transferee).

Subject matter

Pursuant to the Dalian Tanker Asset Transfer Agreement, Dalian Tanker has agreed to dispose of, and COSCO SHIPPING Investment Dalian has agreed to acquire, the Dalian Tanker Assets, subject to the terms and conditions thereof.

Consideration and payment terms

Pursuant to the Dalian Tanker Asset Transfer Agreement, the consideration for the transfer of the Dalian Tanker Assets is RMB220,599,600 (exclusive of value-added tax), which shall be payable by COSCO SHIPPING Investment Dalian to Dalian Tanker in one lump sum by way of bank transfer within 10 business days after the date of the Dalian Tanker Asset Transfer Agreement.

The consideration was determined after arm's length negotiations between Dalian Tanker and COSCO SHIPPING Investment Dalian with reference to the appraised value of the Dalian Tanker Assets of RMB220,599,600 as at the Valuation Date as set out in the relevant Valuation Report. The aforementioned appraised value was determined based on the market approach and the cost approach in accordance with the PRC laws and regulations.

Completion

With respect to assets which are subject to change of ownership procedures, including properties, lands and vehicles, completion shall take place on the date of completion of the change of ownership procedures. With respect to other assets, completion shall take place on the date of the Dalian Tanker Asset Transfer Agreement.

THE DALIAN TANKER SUPPLY BRANCH ASSET TRANSFER AGREEMENT

Date

12 June 2020

Parties

- (1) Dalian Tanker (as transferor); and
- (2) Dalian Material Supply (as transferee).

Subject matter

Pursuant to the Dalian Tanker Supply Branch Asset Transfer Agreement, Dalian Tanker has agreed to dispose of, and Dalian Material Supply has agreed to acquire, the Dalian Tanker Supply Branch Assets, the Dalian Tanker Supply Branch Inventories and the Dalian Tanker Supply Branch Creditor's Right, subject to the terms and conditions thereof.

Consideration and payment terms

Pursuant to the Dalian Tanker Supply Branch Asset Transfer Agreement:

1. the consideration for the transfer of the Dalian Tanker Supply Branch Assets is RMB77,418,000 (exclusive of value-added tax), which shall be payable by Dalian Material Supply to Dalian Tanker in one lump sum by way of bank transfer within five business days after the date of the Dalian Tanker Supply Branch Asset Transfer Agreement;

2. the consideration for the transfer of the Dalian Tanker Supply Branch Inventories is RMB7,703,400 (exclusive of value-added tax), which shall be payable by Dalian Material Supply to Dalian Tanker in one lump sum within five business days after the date of the Dalian Tanker Supply Branch Asset Transfer Agreement; and
3. the consideration for the transfer of the Dalian Tanker Supply Branch Creditor's Right is RMB7,543,100, which shall be payable by Dalian Material Supply to Dalian Tanker in one lump sum within five business days after the date of the Dalian Tanker Supply Branch Asset Transfer Agreement.

The aggregate consideration was determined after arm's length negotiations between Dalian Tanker and Dalian Material Supply with reference to (i) the appraised value of the Dalian Tanker Supply Branch Assets of RMB77,418,000 as at the Valuation Date as set out in the relevant Valuation Report; and (ii) the book values of the Dalian Tanker Supply Branch Inventories and the Dalian Tanker Supply Branch Creditor's Right of RMB7,703,400 and RMB7,543,100 as at 9 June 2020 and 8 June 2020, respectively, being the agreed benchmark dates for the purpose of the transfers and following such dates, there will not be material change in the book values prior to completion. The aforementioned appraised value of the Dalian Tanker Supply Branch Assets was determined based on, among other things, the market approach and the cost approach in accordance with the PRC laws and regulations.

Completion

With respect to assets which are subject to change of ownership procedures, including properties, lands and vehicles, completion shall take place on the date of completion of the change of ownership procedures. With respect to other assets, the Dalian Tanker Supply Branch Inventories and the Dalian Tanker Supply Branch Creditor's Right, completion shall take place on the date of the Dalian Tanker Supply Branch Asset Transfer Agreement.

PROFIT FORECAST REGARDING THE VALUATION METHOD

As the appraised values of the equity interests in Shenzhen Longpeng, Dalian Electronics and Dalian Haven as set out in the Valuation Reports were determined based on the income approach, which involved the calculation of discounted cash flows method, the Valuations constitute profit forecasts under Rule 14.61 of the Hong Kong Listing Rules.

Pursuant to Rule 14.62 of the Hong Kong Listing Rules, the principal assumptions, including commercial assumptions, upon which the Valuations were based, are set out below:

Principal assumptions for the valuation of the equity interests in Shenzhen Longpeng

General assumptions

1. The trading assumption that all assets to be valued are already in the process of transaction, and the valuation will be based on simulated market conditions including the transaction terms of the assets to be valued.
2. The open market assumption that assets can be bought and sold freely in a fully competitive market, in which the price depends on the judgment by independent buyers and sellers on the value of the assets under certain market supply conditions. The open market refers to a fully competitive market with a large number of buyers and sellers. In this market, the status of buyers and sellers are equal, each has the opportunity and time to obtain sufficient market information and the trading behavior of both buyers and sellers is voluntary and rational and not under mandatory or restrictive conditions.
3. The continuation assumption that the assets to be valued that are in use will continue to be used according to their current purpose and method after the change in ownership or assets business.

Specific assumptions

1. There are no material changes in the relevant national and local laws and policies and the national macroeconomic situation which Shenzhen Longpeng is subject to, no material changes in the political, economic and social environment of the parties to the transaction, and no other material adverse effect caused by other unpredictable and force majeure factors.
2. The current and future operating managers of Shenzhen Longpeng are diligent and the management of Shenzhen Longpeng is capable of assuming their duties. The normal operating situation of Shenzhen Longpeng will be maintained, and the development, production and operation plan can be realized as scheduled.
3. All relevant laws and regulations of the PRC are complied with, and there will be no material breaches affecting the development of Shenzhen Longpeng and the realization of revenue.
4. Shenzhen Longpeng will adopt accounting policies materially consistent with the accounting policy adopted when the Valuation Report is prepared.
5. The scope and mode of business of Shenzhen Longpeng will be consistent with the current direction based on the existing management methods and management standard.
6. There will be no material changes in the relevant interest rates, exchange rates, tax bases, tax rates and prescribed policy fees that have been implemented or have been determined to be implemented according to national regulations.

7. The existing industry qualifications of Shenzhen Longpeng can continue to be renewed.
8. There will be no other force majeure and unpredictable factors causing material adverse effect on Shenzhen Longpeng.
9. The cash inflow and outflow of Shenzhen Longpeng will be even.

Principal assumptions for the valuation of the equity interests in Dalian Electronics

General assumptions

1. The trading assumption that all assets to be valued are already in the process of transaction, and the valuation will be based on simulated market conditions including the transaction terms of the assets to be valued.
2. The open market assumption that assets can be bought and sold freely in a fully competitive market, in which the price depends on the judgment by independent buyers and sellers on the value of the assets under certain market supply conditions. The open market refers to a fully competitive market with a large number of buyers and sellers. In this market, the status of buyers and sellers are equal, each has the opportunity and time to obtain sufficient market information and the trading behavior of both buyers and sellers is voluntary and rational and not under mandatory or restrictive conditions.
3. The continuation assumption that the assets to be valued that are in use will continue to be used according to their current purpose and method after the change in ownership or assets business.

Specific assumptions

1. There are no material changes in the relevant national and local laws and policies and the national macroeconomic situation which Dalian Electronics is subject to, no material changes in the political, economic and social environment of the parties to the transaction, and no other material adverse effect caused by other unpredictable and force majeure factors.
2. According to the articles of association of Dalian Electronics and the relevant investment agreement, the expiration of the term of Dalian Electronics falls on 13 July 2021. After communication with the management of Dalian Electronics, Dalian Electronics expressed that it will continue to operate and will complete the procedures for extension of operation before the expiration of the term under the articles of association. This valuation therefore assumes Dalian Electronics is a going concern.
3. The current and future operating managers of Dalian Electronics are diligent and the management of Dalian Electronics is capable of assuming their duties. The normal operating situation of Dalian Electronics will be maintained, and the development, production and operation plan can be realized as scheduled.

4. All relevant laws and regulations of the PRC are complied with, and there will be no material breaches affecting the development of Dalian Electronics and the realization of revenue.
5. Dalian Electronics will adopt accounting policies materially consistent with the accounting policy adopted when the Valuation Report is prepared.
6. The scope and mode of business of Dalian Electronics will be consistent with the current direction based on the existing management methods and management standard.
7. There will be no material changes in the relevant interest rates, exchange rates, tax bases, tax rates and prescribed policy fees that have been implemented or have been determined to be implemented according to national regulations.
8. The existing industry qualifications of Dalian Electronics can continue to be renewed.
9. According to “Further Expanding the Scope of Preferential Income Tax Policies for Small and Low Profit Enterprises” (Caishui [2019] No. 13)* (《關於進一步擴大小型微利企業所得稅優惠政策範圍的通知》(財稅[2019]13號)) issued by the Ministry of Finance of the PRC and the State Administration of Taxation of the PRC, from 1 January 2019 to 31 December 2021, the portion of the taxable income of a small and low profit enterprise that does not exceed RMB1 million is reduced to 25%, and the enterprise income tax is based on a rate of 20%; the portion of the taxable income that exceeds RMB1 million and does not exceed RMB3 million is reduced to 50%, and the enterprise income tax is based on a rate of 20%. This valuation assumes that there will be no new preferential policies for Dalian Electronics after 2021 and the enterprise income tax is still calculated at 25%.
10. There will be no other force majeure and unpredictable factors causing material adverse effect on Dalian Electronics.
11. The cash inflow and outflow of Dalian Electronics will be even.

Principal assumptions for the valuation of the equity interests in Dalian Haven

General assumptions

1. The trading assumption that all assets to be valued are already in the process of transaction, and the valuation will be based on simulated market conditions including the transaction terms of the assets to be valued.
2. The open market assumption that assets can be bought and sold freely in a fully competitive market, in which the price depends on the judgment by independent buyers and sellers on the value of the assets under certain market supply conditions. The open market refers to a fully competitive market with a large number of buyers and sellers. In this market, the status of

buyers and sellers are equal, each has the opportunity and time to obtain sufficient market information and the trading behavior of both buyers and sellers is voluntary and rational and not under mandatory or restrictive conditions.

3. The continuation assumption that the assets to be valued that are in use will continue to be used according to their current purpose and method after the change in ownership or assets business.

Specific assumptions

1. There are no material changes in the relevant national and local laws and policies and the national macroeconomic situation which Dalian Haven is subject to, no material changes in the political, economic and social environment of the parties to the transaction, and no other material adverse effect caused by other unpredictable and force majeure factors.
2. According to the articles of association of Dalian Haven and the relevant investment agreement, the expiration of the term of Dalian Haven falls on 25 March 2020. After communication with the management of Dalian Haven, Dalian Haven expressed that it will continue to operate and will complete the procedures for extension of operation before the expiration of the terms under the articles of association. This valuation therefore assumes Dalian Haven is a going concern.
3. The current and future operating managers of Dalian Haven are diligent and the management of Dalian Haven is capable of assuming their duties. The normal operating situation of Dalian Haven will be maintained, and the development, production and operation plan can be realized as scheduled.
4. All relevant laws and regulations of the PRC are complied with, and there will be no material breaches affecting the development of Dalian Haven and the realization of revenue.
5. Dalian Haven will adopt accounting policies materially consistent with the accounting policy adopted when the Valuation Report is prepared.
6. The scope and mode of business of Dalian Haven will be consistent with the current direction based on the existing management methods and management standard.
7. There will be no material changes in the relevant interest rates, exchange rates, tax bases, tax rates and prescribed policy fees that have been implemented or have been determined to be implemented according to national regulations.
8. The existing industry qualifications of Dalian Haven can continue to be renewed.
9. According to “Further Expanding the Scope of Preferential Income Tax Policies for Small and Low Profit Enterprises” (Caishui [2019] No. 13)* (《關於進一步擴大小型微利企業所得稅優惠政策範圍的通知》(財稅[2019]13號)) issued by the Ministry of Finance of the PRC and the State Administration of Taxation of the PRC, from 1 January 2019 to 31 December 2021, the

portion of the taxable income of a small and low profit enterprise that does not exceed RMB1 million is reduced to 25%, and the enterprise income tax is based on a rate of 20%; the portion of the taxable income that exceeds RMB1 million and does not exceed RMB3 million is reduced to 50%, and the enterprise income tax is based on a rate of 20%. This valuation assumes that there will be no new preferential policies for Dalian Haven after 2021 and the enterprise income tax is still calculated at 25%.

10. There will be no other force majeure and unpredictable factors causing material adverse effect on Dalian Haven.
11. The cash inflow and outflow of Dalian Haven will be even.

PricewaterhouseCoopers, the auditor of the Company, has reviewed the arithmetical calculations of the profit forecasts on which the Valuations were based. The Board has reviewed the bases and assumptions of the Valuations and confirmed that the profit forecasts in the Valuations have been made after due and careful enquiry.

The reports from PricewaterhouseCoopers and the letter from the Board are set out in Appendices IA, IB and IC and Appendix II to this announcement, respectively.

The following are the qualifications of the experts who have given opinion or advice contained in this announcement:

Name	Qualification	Date of opinion or advice given
China Tong Cheng	Qualified PRC valuer	30 April 2020
PricewaterhouseCoopers	Certified Public Accountants, Hong Kong	12 June 2020

As at the date of this announcement, each of the abovementioned experts had given and had not withdrawn its written consent to the issue of this announcement with the inclusion of its letter or opinion and/or the reference to its name and opinions in the form and context in which they respectively appear.

As at the date of this announcement, the abovementioned expert did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in any member of the Group.

INFORMATION ON THE PARTIES

Information on the Group

The Company is a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange and the A Shares of which are listed on the Shanghai Stock Exchange.

The Group is principally engaged in investment holding, oil shipment along the coast of the PRC and internationally, international liquefied natural gas shipment, international chemical transportation and vessel chartering.

Dalian Tanker is a company incorporated under the laws of the PRC with limited liability and is a wholly-owned subsidiary of the Company. It is principally engaged in oil transportation and vessel chartering.

Information on COSCO SHIPPING Investment Dalian

COSCO SHIPPING Investment Dalian is a company incorporated under the laws of the PRC with limited liability and is a wholly-owned subsidiary of COSCO SHIPPING. It is principally engaged in investment holding.

Information on Dalian Material Supply

Dalian Material Supply is a company incorporated under the laws of the PRC with limited liability and is an indirect wholly-owned subsidiary of COSCO SHIPPING. It is principally engaged in the shipping materials supply.

INFORMATION ON SHENZHEN LONGPENG

Shenzhen Longpeng is a company incorporated under the laws of the PRC with limited liability, and is an indirect non-wholly owned subsidiary of the Company. It is principally engaged in the liquefied petroleum gas shipment along the domestic coast and the middle to lower reaches of the Yangtze River.

As at the date of this announcement, the Company indirectly holds 70% of the equity interests in Shenzhen Longpeng. Upon completion of the Equity Transfer, the Company will no longer hold any equity interests in Shenzhen Longpeng and therefore Shenzhen Longpeng will cease to be a subsidiary of the Company.

Based on the financial statements of Shenzhen Longpeng prepared in accordance with the China Accounting Standards for Business Enterprises, the financial information of Shenzhen Longpeng for the two years ended 31 December 2018 and 2019 was approximately as follows:

	For the year ended	
	31 December	
	2018	2019
	(audited)	(audited)
	<i>(RMB)</i>	<i>(RMB)</i>
Profit before taxation	25,035,000	23,102,100
Profit after taxation	18,674,600	17,206,100

The audited net asset value of Shenzhen Longpeng as at 31 December 2019 was approximately RMB160,654,900.

According to the Valuation Report, the appraised value of the shareholders' equity of Shenzhen Longpeng as at the Valuation Date, being 31 December 2019, was approximately RMB110,650,700, which was determined based on the income approach in accordance with the relevant PRC laws and regulations.

INFORMATION ON DALIAN ELECTRONICS

Dalian Electronics is a company incorporated under the laws of the PRC with limited liability, and is an indirect non-wholly owned subsidiary of the Company. It is principally engaged in the sale, installation, commissioning and maintenance agency business of ship communication and navigation equipment and marine instruments.

As at the date of this announcement, the Company indirectly holds 60% of the equity interests in Dalian Electronics. Upon completion of the Equity Transfer, the Company will no longer hold any equity interests in Dalian Electronics and therefore Dalian Electronics will cease to be a subsidiary of the Company.

Based on the financial statements of Dalian Electronics prepared in accordance with the China Accounting Standards for Business Enterprises, the financial information of Dalian Electronics for the two years ended 31 December 2018 and 2019 was approximately as follows:

	For the year ended	
	31 December	
	2018	2019
	(audited)	(audited)
	<i>(RMB)</i>	<i>(RMB)</i>
Profit before taxation	244,600	1,622,600

For the year ended	
31 December	
2018	2019
(audited)	(audited)
<i>(RMB)</i>	<i>(RMB)</i>

Profit after taxation	217,800	1,508,300
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The audited net asset value of Dalian Electronics as at 31 December 2019 was approximately RMB3,632,600.

According to the Valuation Report, the appraised value of the shareholders' equity of Dalian Electronics as at the Valuation Date, being 31 December 2019, was approximately RMB4,070,400, which was determined based on the income approach in accordance with the relevant PRC laws and regulations.

INFORMATION ON DALIAN HAVEN

Dalian Haven is a company incorporated under the laws of the PRC with limited liability, and is an indirect non-wholly owned subsidiary of the Company. It is principally engaged in the production of ship automation control devices and the maintenance of land and sea automation equipment and electromechanical products.

As at the date of this announcement, the Company indirectly holds 57.5% of the equity interests in Dalian Haven. Upon completion of the Equity Transfer, the Company will no longer hold any equity interests in Dalian Haven and therefore Dalian Haven will cease to be a subsidiary of the Company.

Based on the financial statements of Dalian Haven prepared in accordance with the China Accounting Standards for Business Enterprises, the financial information of Dalian Haven for the two years ended 31 December 2018 and 2019 was approximately as follows:

	For the year ended	
	31 December	
	2018	2019
	(audited)	(audited)
	<i>(RMB)</i>	<i>(RMB)</i>
Profit before taxation	74,800	261,600
Profit after taxation	59,700	245,200

The audited net asset value of Dalian Haven as at 31 December 2019 was approximately RMB2,282,400.

According to the Valuation Report, the appraised value of the shareholders' equity of Dalian Haven as at the Valuation Date, being 31 December 2019, was approximately RMB3,188,200, which was determined based on the income approach in accordance with the relevant PRC laws and regulations.

INFORMATION ON DA-IN FERRY

Da-In Ferry is a company incorporated under the laws of the Republic of Korea with limited liability. It is principally engaged in the provision of ferry services between Dalian and Incheon.

As at the date of this announcement, the Company indirectly holds 15% of the equity interests in Da-In Ferry. Upon completion of the Equity Transfer, the Company will no longer hold any equity interests in Da-In Ferry.

Based on the financial statements of Da-In Ferry prepared in accordance with the China Accounting Standards for Business Enterprises (through adjustment and conversion from Korean Financial Reporting Standards), the financial information of Da-In Ferry for the two years ended 31 December 2018 and 2019 was approximately as follows:

	For the year ended	
	December 31,	
	2018	2019
	(audited)	(audited)
	<i>(RMB)</i>	<i>(RMB)</i>
Loss before taxation	14,670,200	17,677,200
Loss after taxation	14,670,200	17,677,200

The audited net asset value of Da-In Ferry as at 31 December 2019 was approximately RMB47,352,800.

According to the Valuation Report, the appraised value of the shareholders' equity of Da-In Ferry as at the Valuation Date, being 31 December 2019, was approximately RMB47,352,800, which was determined based on the asset-based approach in accordance with the relevant PRC laws and regulations.

FINANCIAL EFFECTS OF THE DISPOSALS

It is estimated that the Group will recognize an unaudited loss of approximately RMB30,913,900 from the Equity Transfers, which is calculated based on the difference between the consideration and the carrying value of the equity interests to be disposed of by the Group and is primarily attributable to the loss on valuation of the equity interests in Shenzhen Longpeng, and an unaudited gain of approximately RMB9,745,100 from the Asset Transfers, which is calculated based on the difference between the consideration and the carrying value of the assets to be disposed of by the Group. Accordingly, it is estimated that the Group will recognize an overall unaudited loss of approximately RMB21,168,800 from the Disposals.

The net proceeds from the Disposals will be used as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSALS

The principal businesses of Shenzhen Longpeng, Dalian Electronics, Dalian Haven and Da-In Ferry are, among other things, shipment of liquefied petroleum gas, supply and maintenance of ship navigation and automation equipment and ferry business, which fall outside the scope of the principal businesses of the Group. The assets to be disposed of under the Asset Transfer Agreements are primarily properties, lands and ship spare parts, which are also outside the scope of principal businesses of the Group.

The Disposals will enable the Group to divest its non-principal businesses, optimize resources and assets allocation and is in line with the strategic positioning of the Group in developing the oil and gas transportation businesses.

The terms of the Disposals were agreed after arm's length negotiations among the parties thereto. The Directors (including the independent non-executive Directors) are of the view that while the Disposals are not conducted in the ordinary and usual course of business of the Group, the Disposals are on normal commercial terms which are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, 601,719,197 A Shares are directly held by COSCO SHIPPING and 1,554,631,593 A Shares are held by China Shipping Group Company Limited* (中國海運集團有限公司) (a wholly-owned subsidiary of COSCO SHIPPING) and its subsidiaries. Therefore, COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 2,156,350,790 A Shares, representing approximately 45.28% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING is a controlling shareholder of the Company and therefore a connected person of the Company.

Each of COSCO SHIPPING Investment Dalian and Dalian Material Supply is an associate of COSCO SHIPPING and therefore a connected person of the Company. Accordingly, the Disposals constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

Pursuant to Rule 14A.81 of the Hong Kong Listing Rules, the Disposals were entered into by the Group with parties who are connected with one another and therefore, the Disposals should be aggregated. After aggregation, as one or more applicable percentage ratios calculated in accordance with the Hong Kong Listing Rules in respect of the Disposals exceed 0.1% but are less than 5%, the Disposals are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

Mr. Feng Boming, Mr. Zhang Wei and Ms. Lin Honghua, all being non-executive Directors, hold directorship(s) or act as senior management in COSCO SHIPPING and/or its associates. Accordingly, Mr. Feng Boming, Mr. Zhang Wei and Ms. Lin Honghua have therefore abstained from voting on the relevant Board resolution approving the Disposals. Save as aforementioned, none of the other Directors has a material interest in the Disposals. Therefore, no other Director has abstained from voting on such Board resolutions.

DEFINITIONS

Unless the context requires otherwise, capitalized terms used in this announcement shall have the meanings as follows:

“A Shares”	the domestic share(s) in the ordinary share capital of the Company with a par value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
“Asset Transfers”	collectively, the transfer of the Dalian Tanker Assets pursuant to the Dalian Tanker Asset Transfer Agreement and the transfer of the Dalian Tanker Supply Branch Assets, the Dalian Tanker Supply Branch Inventories and the creditor’s right of Dalian Tanker Supply Branch pursuant to the Dalian Tanker Supply Branch Asset Transfer Agreement
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Board”	the board of directors of the Company
“Company”	COSCO SHIPPING Energy Transportation Co., Ltd.* (中遠海運能源運輸股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares and A shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1138) and the Shanghai Stock Exchange (Stock Code: 600026), respectively
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Hong Kong Listing Rules
“COSCO SHIPPING Investment Dalian”	COSCO SHIPPING Investment Dalian Co., Ltd.* (中遠海運大連投資有限公司), a company incorporated under the laws of the PRC with limited liability and a direct wholly-owned subsidiary of COSCO SHIPPING
“COSCO SHIPPING”	China COSCO SHIPPING Corporation Limited* (中國遠洋海運集團有限公司), a PRC state-owned enterprise and an indirect controlling shareholder of the Company
“China Tong Cheng”	China Tong Cheng Assets Appraisal Co., Ltd.* (中通誠資產評估有限公司), an independent qualified valuer in the PRC

“Da-In Ferry”	Da-In Ferry Co., Ltd.* (大仁輪渡有限公司), a company incorporated under the laws of the Republic of Korea with limited liability
“Da-In Equity Transfer Agreement”	the equity transfer agreement dated 12 June 2020 between Dalian Tanker and COSCO SHIPPING Investment Dalian in relation to the transfer of 15% of the equity interests in Da-In Ferry
“Dalian Electronics”	COSCO Shipping Tanker (Dalian) Electronics Co., Ltd.* (大連中遠海運油運電子有限公司), a company incorporated under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Dalian Electronics Equity Transfer Agreement”	the equity transfer agreement dated 12 June 2020 entered into between Dalian Tanker and COSCO SHIPPING Investment Dalian in relation to the transfer of 60% of the equity interests in Dalian Electronics
“Dalian Haven”	COSCO Shipping Tanker (Dalian) Haven Automation Co., Ltd.* (大連中遠海運油運希雲自動化有限公司), a company incorporated under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Dalian Haven Equity Transfer Agreement”	the equity transfer agreement dated 12 June 2020 entered into between Dalian Tanker and COSCO SHIPPING Investment Dalian in relation to the transfer of 57.5% of the equity interests in Dalian Haven
“Dalian Material Supply”	COSCO Shipping Tanker (Dalian) Material Supply Co., Ltd.* (大連中遠海運物資供應有限公司), a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING
“Dalian Tanker”	COSCO Shipping Tanker (Dalian) Co., Ltd.* (大連中遠海運油品運輸有限公司), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“Dalian Tanker Asset Transfer Agreement”	the asset transfer agreement dated 12 June 2020 entered into between Dalian Tanker and COSCO SHIPPING Investment Dalian in relation to the transfer of the Dalian Tanker Assets

“Dalian Tanker Assets”	certain properties, land, vehicles and equipment of Dalian Tanker to be transferred by Dalian Tanker to COSCO SHIPPING Investment Dalian pursuant to the Dalian Tanker Asset Transfer Agreement
“Dalian Tanker Supply Branch”	COSCO Shipping Tanker (Dalian) Supply Branch Company* (大連油運供應分公司), a branch company of Dalian Tanker
“Dalian Tanker Supply Branch Asset Transfer Agreement”	the asset, inventory and creditor’s right transfer agreement dated 12 June 2020 entered into between Dalian Tanker and Dalian Material Supply in relation to the transfer of the Dalian Tanker Supply Branch Assets, the Dalian Tanker Supply Branch Inventories and the creditor’s right of Dalian Tanker Supply Branch
“Dalian Tanker Supply Branch Assets”	the properties, land, vehicles and equipment of Dalian Tanker Supply Branch to be transferred by Dalian Tanker to Dalian Material Supply pursuant to the Dalian Tanker Supply Branch Asset Transfer Agreement
“Dalian Tanker Supply Branch Creditor’s Right”	the creditor’s right of Dalian Tanker Supply Branch to be transferred by Dalian Tanker to Dalian Material Supply pursuant to the Dalian Tanker Supply Branch Asset Transfer Agreement
“Dalian Tanker Supply Branch Inventories”	the inventories of Dalian Tanker Supply Branch to be transferred by Dalian Tanker to Dalian Material Supply pursuant to the Dalian Tanker Supply Branch Asset Transfer Agreement
“Director(s)”	director(s) of the Company
“Disposals”	collectively, the Equity Transfers and the Asset Transfers
“Equity Transfers”	collectively, the transfer of 70% of the equity interests in Shenzhen Longpeng pursuant to the Shenzhen Longpeng Equity Transfer Agreement, the transfer of 60% of the equity interests in Dalian Electronics pursuant to the Dalian Electronics Equity Transfer Agreement, the transfer of 57.5% of the equity interests in Dalian Haven pursuant to the Dalian Haven Equity Transfer Agreement and the transfer of 15% of the equity interests in Da-In Ferry pursuant to the Da-In Equity Transfer Agreement
“Equity Transfer Agreements”	collectively, the Shenzhen Longpeng Equity Transfer Agreement, the Dalian Electronics Equity Transfer Agreement, the Dalian Haven Equity Transfer Agreement and the Da-In Equity Transfer Agreement

“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) of par value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the Main Board of the Hong Kong Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“percentage ratios”	has the meaning ascribed to it under the Hong Kong Listing Rules
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“PricewaterhouseCoopers”	PricewaterhouseCoopers, Certified Public Accountants, Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Longpeng”	Shenzhen COSCO Longpeng LPG Transportation Co., Ltd.* (深圳中遠龍鵬液化氣運輸有限公司), a company incorporated under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Shenzhen Longpeng Equity Transfer Agreement”	the equity transfer agreement dated 12 June 2020 entered into between Dalian Tanker and COSCO SHIPPING Investment Dalian in relation to the transfer of 70% of the equity interests in Shenzhen Longpeng
“Transition Period”	the period from the date after the Valuation Date to the respective date of completion of the Disposals

“Valuations”	the valuations of 70% of the equity interests in Shenzhen Longpeng, 60% of the equity interests in Dalian Electronics and 57.5% of the equity interests in Dalian Haven as at the Valuation Date based on the income approach as set out in the Valuation Reports
“Valuation Date”	31 December 2019
“Valuation Reports”	the valuation reports dated 30 April 2020 prepared by China Tong Cheng, an independent valuer, in respect of the Disposals
“%”	per cent.

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

Shanghai, the PRC
12 June 2020

As at the date of this announcement, the Board comprises Mr. Liu Hanbo and Mr. Zhu Maijin as executive directors, Mr. Feng Boming, Mr. Zhang Wei and Ms. Lin Honghua as non-executive directors, Mr. Ruan Yongping, Mr. Ip Sing Chi, Mr. Rui Meng and Mr. Teo Siong Seng as independent non-executive directors.

* *For identification purposes only*

APPENDIX IA
REPORTS FROM PRICEWATERHOUSECOOPERS
ON THE CALCULATIONS OF DISCOUNTED FUTURE
ESTIMATED CASH FLOWS

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this announcement.



羅兵咸永道

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF SHENZHEN COSCO LONGPENG LPG TRANSPORTATION CO., LTD.

TO THE BOARD OF DIRECTORS OF COSCO SHIPPING ENERGY TRANSPORTATION CO., LTD.

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the business valuation (the “**Valuation**”) dated 30 April 2020 prepared by China Tong Cheng Assets Appraisal Co., Ltd. in respect of the appraisal of the fair value of the 70% equity interests in Shenzhen COSCO Longpeng LPG Transportation Co., Ltd. (the “**Disposal Company**”) as at 31 December 2019 is based. The Valuation is set out in the announcement of COSCO SHIPPING Energy Transportation Co., Ltd. (the “**Company**”) dated 12 June 2020 (the “**Announcement**”) in connection with the disposal by the Company of a 70% equity interest in the Disposal Company by the Company. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and as set on pages 7 to 8 of the Announcement. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor’s Responsibilities

It is our responsibility to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Disposal Company.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions as set out on pages 7 to 8 of the Announcement. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted cash flows do not involve the adoption of accounting policies. The discounted cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows, has been properly compiled in all material respects in accordance with the bases and assumptions made by the directors of the Company as set out on pages 7 to 8 of the Announcement.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 12 June 2020

APPENDIX IB
REPORTS FROM PRICEWATERHOUSECOOPERS
ON THE CALCULATIONS OF DISCOUNTED FUTURE
ESTIMATED CASH FLOWS

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this announcement.



羅兵咸永道

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF COSCO SHIPPING TANKER (DALIAN) ELECTRONIC CO., LTD.

TO THE BOARD OF DIRECTORS OF COSCO SHIPPING ENERGY TRANSPORTATION CO., LTD.

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the business valuation (the “**Valuation**”) dated 30 April 2020 prepared by China Tong Cheng Assets Appraisal Co., Ltd. in respect of the appraisal of the fair value of the 60% equity interests in COSCO SHIPPING Tanker (Dalian) Electronic Co., Ltd. (the “**Disposal Company**”) as at 31 December 2019 is based. The Valuation is set out in the announcement of COSCO SHIPPING Energy Transportation Co., Ltd. (the “**Company**”) dated 12 June 2020 (the “**Announcement**”) in connection with the disposal by the Company of a 60% equity interest in the Disposal Company by the Company. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and as set on pages 8 to 9 of the Announcement. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor’s Responsibilities

It is our responsibility to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Disposal Company.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions as set out on pages 8 to 9 of the Announcement. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted cash flows do not involve the adoption of accounting policies. The discounted cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows, has been properly compiled in all material respects in accordance with the bases and assumptions made by the directors of the Company as set out on pages 8 to 9 of the Announcement.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 12 June 2020

APPENDIX IC
REPORTS FROM PRICEWATERHOUSECOOPERS
ON THE CALCULATIONS OF DISCOUNTED FUTURE
ESTIMATED CASH FLOWS

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this announcement.



羅兵咸永道

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF COSCO SHIPPING TANKER (DALIAN) HAVEN AUTOMATION CO., LTD.

TO THE BOARD OF DIRECTORS OF COSCO SHIPPING ENERGY TRANSPORTATION CO., LTD.

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the business valuation (the “**Valuation**”) dated 30 April 2020 prepared by China Tong Cheng Assets Appraisal Co., Ltd. in respect of the appraisal of the fair value of the 57.5% equity interests in COSCO SHIPPING Tanker (Dalian) Haven Automation Co., Ltd. (the “**Disposal Company**”) as at 31 December 2019 is based. The Valuation is set out in the announcement of COSCO SHIPPING Energy Transportation Co., Ltd. (the “**Company**”) dated 12 June 2020 (the “**Announcement**”) in connection with the disposal by the Company of a 57.5% equity interest in the Disposal Company by the Company. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and as set on pages 9 to 11 of the Announcement. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor’s Responsibilities

It is our responsibility to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Disposal Company.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions as set out on pages 9 to 11 of the Announcement. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted cash flows do not involve the adoption of accounting policies. The discounted cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows, has been properly compiled in all material respects in accordance with the bases and assumptions made by the directors of the Company as set out on pages 9 to 11 of the Announcement.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 12 June 2020

APPENDIX II LETTER FROM THE BOARD

12 June 2020

Listing Division
The Stock Exchange of Hong Kong Limited
12/F, Two Exchange Square
8 Connaught Place, Central, Hong Kong

Dear Sirs,

CONNECTED TRANSACTIONS – DISPOSALS OF THE EQUITY INTERESTS IN (I) SHENZHEN COSCO LONGPENG LPG TRANSPORTATION CO., LTD.* (深圳中遠龍鵬液化氣運輸有限公司) (“SHENZHEN LONGPENG”); (II) COSCO SHIPPING TANKER (DALIAN) ELECTRONICS CO., LTD.* (大連中遠海運油運電子有限公司) (“DALIAN ELECTRONICS”); AND (III) COSCO SHIPPING TANKER (DALIAN) HAVEN AUTOMATION CO., LTD.* (大連中遠海運油運希雲自動化有限公司) (“DALIAN HAVEN”)

We refer to the announcement (the “**Announcement**”) of COSCO SHIPPING Energy Transportation Co., Ltd.* (中遠海運能源運輸股份有限公司) (the “**Company**”) dated 12 June 2020 in relation to, among other things, the disposals of the equity interests in Shenzhen Longpeng, Dalian Electronics and Dalian Haven. Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

As the income approach, which involved the calculation of discounted cash flows method, was adopted by the Valuer in preparing the Valuations, the Valuations constitute profit forecasts under Rule 14.61 of the Hong Kong Listing Rules.

The Board has reviewed the bases and assumptions of the Valuations and has discussed the same with the Valuer and PricewaterhouseCoopers, the auditor of the Company (the “**Auditor**”). The Board has also considered the reports dated 12 June 2020 from the Auditor in relation to the calculations of the profit forecasts on which the Valuations were based, as set out in Appendices IA, IB and IC to the Announcement.

Based on the foregoing, the Board confirmed that the profit forecasts in the Valuations have been made after due and careful enquiry.

Yours faithfully,
For and on behalf of the Board
中遠海運能源運輸股份有限公司
COSCO SHIPPING Energy Transportation Co., Ltd.*
Liu Hanbo
Chairman

* *For identification purposes only*