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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)

DISCLOSEABLE TRANSACTION
CONSTRUCTION OF VESSELS

THE SHIPBUILDING CONTRACTS

The Board is pleased to announce that on 30 June 2020, United Prosperity LNG, United Glory LNG and United Fortune LNG (each being a wholly owned subsidiary of United Liquefied Gas Shipping, an indirect non-wholly owned subsidiary of the Company) entered into the Shipbuilding Contracts with Hudong-Zhonghua Shipbuilding and China Shipbuilding Trading for the construction of the Vessels at an aggregate consideration of approximately US\$554 million.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As one or more applicable percentage ratios calculated in accordance with the Hong Kong Listing Rules in respect of the Shipbuilding Contracts and the transactions contemplated thereunder, on an aggregated basis, exceed 5% but are less than 25%, the entering into of the Shipbuilding Contracts and the transactions contemplated thereunder constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 30 June 2020, United Prosperity LNG, United Glory LNG and United Fortune LNG (each being a wholly owned subsidiary of United Liquefied Gas Shipping, an indirect non-wholly owned subsidiary of the Company) entered into the Shipbuilding Contracts with Hudong-Zhonghua Shipbuilding and China Shipbuilding Trading for the construction of the Vessels at an aggregate consideration of approximately US\$554 million.

THE SHIPBUILDING CONTRACTS

The principal terms of the Shipbuilding Contracts are set out below.

Date

30 June 2020

Parties

- (1) each of United Prosperity LNG, United Glory LNG and United Fortune LNG (as buyer);
- (2) Hudong-Zhonghua Shipbuilding (as builder and seller); and
- (3) China Shipbuilding Trading (as seller).

Subject matter

Pursuant to the Shipbuilding Contracts, Hudong-Zhonghua Shipbuilding and China Shipbuilding Trading has jointly and severally agreed to design, build, launch, equip and complete at the shipyard, and sell and deliver to the Buyers, and the Buyers has agreed to purchase and take delivery of, the Vessels.

The Vessels

The Vessels are three LNG carriers with guaranteed cargo capacity of not less than 174,000 cubic metres and guaranteed dead weight of 80,000 metric tons at design draught each.

Consideration and payment terms

Pursuant to the Shipbuilding Contracts, the consideration for each of the Vessels is approximately US\$185 million, and the aggregate consideration for the Vessels is approximately US\$554 million. The consideration is payable by each of the Buyers to the Sellers in four instalments of 10%, 10%, 10% and 70%. The fourth instalment, being 70% of the consideration, shall be payable upon delivery of the Vessels, subject to adjustments under certain circumstances (including, among other things, expense reimbursements and liquidated damages for late delivery and performance deficiencies of the Vessels) in accordance with the terms of the Shipbuilding Contracts.

The consideration was determined after arm's length negotiations between each of the Buyers and the Sellers with reference to the prevailing market price for the construction of comparable vessels by major ship builders in the market.

The consideration for the Vessels payable under the Shipbuilding Contracts will be funded by the Group as to approximately 80% by bank borrowings and 20% by internal financial resources.

Delivery

The delivery of the Vessels is expected to take place on 31 October 2022, 31 January 2023 and 30 April 2023, respectively.

Modifications

Pursuant to the Shipbuilding Contracts, the Buyers may submit a request for change to the specifications of the Vessels to the Seller at any time after the date of the Shipbuilding Contracts. The Buyers shall provide, together with the request, sufficient documentation and detail to describe the change requested, provided that the planned programme for the construction of the Vessels and the Seller's other commitments can reasonably be adjusted to accommodate the change.

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 LNG shipment, international chemical transportation and vessel chartering.

United Liquefied Gas Shipping is a company incorporated under the laws of Hong Kong with limited liability and is an indirect non-wholly owned subsidiary of the Company. It is principally engaged in the investment, leasing, operation and management of liquefied natural gas vessels, ethane vessels and other vessels, and the development of related freight forwarding business.

United Prosperity LNG is a company incorporated under the laws of Hong Kong with limited liability and is a wholly-owned subsidiary of United Liquefied Gas Shipping. It is principally engaged in vessel holding.

United Glory LNG is a company incorporated under the laws of Hong Kong with limited liability and is a wholly-owned subsidiary of United Liquefied Gas Shipping. It is principally engaged in vessel holding.

United Fortune LNG is a company incorporated under the laws of Hong Kong with limited liability and is a wholly-owned subsidiary of United Liquefied Gas Shipping. It is principally engaged in vessel holding.

“Board”	the board of directors of the Company
“Buyers”	collectively, United Prosperity LNG, United Glory LNG and United Fortune LNG
“China Shipbuilding Trading”	China Shipbuilding Trading Co., Ltd.* (中國船舶工業貿易公司), a company incorporated under the laws of the PRC with limited liability
“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
“Director(s)”	director(s) of the Company
“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
“Hudong-Zhonghua Shipbuilding”	Hudong-Zhonghua Shipbuilding (Group) Co., Ltd.* (滬東中華造船集團有限公司), a company incorporated under the laws of the PRC with limited liability
“LNG”	liquefied natural gas
“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, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Seller”	collectively, Hudong-Zhonghua Shipbuilding and China Shipbuilding Trading
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Shipbuilding Contracts”	collectively, three shipbuilding contracts dated 30 June 2020 entered into between each of the Buyers, Hudong-Zhonghua Shipbuilding and China Shipbuilding Trading for the construction of the Vessels
“United Fortune LNG”	United Fortune LNG Shipping Co., Ltd. (聯達液化天然氣運輸有限公司), a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of United Liquefied Gas Shipping
“United Glory LNG”	United Glory LNG Shipping Co., Ltd. (聯榮液化天然氣運輸有限公司), a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of United Liquefied Gas Shipping
“United Liquefied Gas Shipping”	United Liquefied Gas Shipping (Hong Kong) Co., Ltd. (聯合液化氣體運輸(香港)有限公司), a company incorporated under the laws of Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company
“United Prosperity LNG”	United Prosperity LNG Shipping Co., Ltd. (聯興液化天然氣運輸有限公司), a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of United Liquefied Gas Shipping
“US\$”	United States Dollar, the lawful currency of the United States of America
“Vessels”	three LNG carriers with a guaranteed cargo capacity of not less than 174,000 cubic metres and guaranteed dead weight of 80,000 metric tons at design draught each

“%”

per cent.

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

Shanghai, the PRC
30 June 2020

As at the date of this announcement, the Board comprises Mr. Liu Hanbo and Mr. Zhu Maijin as executive directors, Mr. Zhang Qinghai and Mr. Liu Zhusheng as non-executive directors, Mr. Rui Meng, Mr. Teo Siong Seng, Mr. Victor Huang, Mr. Li Runsheng and Mr. Zhao Jingsong as independent non-executive directors.

* *For identification purposes only*