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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 TWO VESSELS**

**THE SHIPBUILDING CONTRACTS**

The Board is pleased to announce that on 12 May 2022, LNG Hong Kong (an indirect wholly-owned subsidiary of the Company) entered into the Shipbuilding Contracts with Hudong-Zhonghua Shipbuilding and China Shipbuilding Trading for the construction of two Vessels at an aggregate consideration of approximately US\$430 million.

**IMPLICATIONS UNDER THE HONG KONG LISTING RULES**

The Transaction and the 2021 Transaction constitute a series of transactions made within a 12-month period and shall be aggregated pursuant to Rule 14.22 of the Hong Kong Listing Rules. As one or more of the applicable percentage ratios in respect of the Transaction (when aggregated with the 2021 Transaction) exceeds 5% but are all less than 25%, the Transaction constitutes a discloseable transaction of the Company 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 12 May 2022, LNG Hong Kong (an indirect wholly-owned subsidiary of the Company) entered into the Shipbuilding Contracts with Hudong-Zhonghua Shipbuilding and China Shipbuilding Trading for the construction of two Vessels at an aggregate consideration of approximately US\$430 million.

## **THE SHIPBUILDING CONTRACTS**

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

### **Date**

12 May 2022

### **Parties**

- (1) LNG Hong Kong (as the Buyer); and
- (2) Hudong-Zhonghua Shipbuilding and China Shipbuilding Trading (as the Joint Builders and Sellers).

### **Subject matter**

Pursuant to the Shipbuilding Contracts, Hudong-Zhonghua Shipbuilding and China Shipbuilding Trading (as the Joint Builders and Sellers) have jointly and severally agreed to design, build, launch, equip and complete at the shipyard, and sell and deliver to the Buyer, and the Buyer has agreed to purchase and take delivery of the Vessels.

### **The Vessels**

The Vessels are two LNG carriers with guaranteed cargo capacity of 174,000 cubic metres and guaranteed deadweight of approximately 79,000 metric tons at design draught each.

### **Consideration and payment terms**

Pursuant to the Shipbuilding Contracts, the aggregate consideration for the two Vessels is approximately US\$430 million. The consideration (being the vessel price of each of the Vessels) is payable by the Buyer to the Joint Builders and Sellers in five instalments of 10%, 20%, 10%, 10% and 50%, respectively based on the shipbuilding progress. The fifth instalment, being 50% of the consideration, shall be 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 the Buyer and the Joint Builders and Sellers with reference to the 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 70% by bank borrowings and approximately 30% by internal financial resources.

## **Delivery**

The delivery of the two Vessels is expected to take place on or before 31 October 2025 and 31 March 2026, respectively.

## **Modifications**

Pursuant to the Shipbuilding Contracts, the Buyer may submit a request for change to the specifications of the Vessels to the Joint Builders and Sellers at any time after the date of the Shipbuilding Contracts. The Buyer shall provide, together with the request, sufficient documentation and detail to describe the change requested, provided that the planned program for the construction of the Vessels and other commitments of the Joint Builders and Sellers 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 (Stock Code: 1138) and the A Shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600026).

The Group is principally engaged in investment holding, oil shipment along the coast of the PRC and internationally, international LNG shipment and vessel chartering.

LNG Hong Kong is a company incorporated under the laws of Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. LNG Hong Kong is principally engaged in the management of LNG vessels.

### **Information on Hudong-Zhonghua Shipbuilding and China Shipbuilding Trading**

Hudong-Zhonghua Shipbuilding is a company incorporated under the laws of the PRC with limited liability. It is principally engaged in the business of shipbuilding and ship repairing. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, as at the date of this announcement, Hudong-Zhonghua Shipbuilding is a wholly-owned subsidiary of China Shipbuilding Corporation.

China Shipbuilding Trading is a company incorporated under the laws of the PRC with limited liability. It is principally engaged in import and export of goods, technology import and export, agency import and export. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, as at the date of this announcement, China Shipbuilding Trading is a wholly-owned subsidiary of China Shipbuilding Corporation.

As at the date of this announcement, 42,979,942 A Shares and 85,959,885 A Shares, representing approximately 0.90% and 1.80% of the total issued share capital of the Company are held by Hudong-Zhonghua Shipbuilding and Dalian Shipbuilding Industry Group Co., Ltd.\* (大連船舶重工集團有限公司), which is a non-wholly owned subsidiary of China Shipbuilding Corporation, respectively.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, Hudong-Zhonghua Shipbuilding, China Shipbuilding Trading and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SHIPBUILDING CONTRACTS**

The entering into of the Shipbuilding Contracts is in line with the development strategy of the Group for its business of LNG transportation. The construction of the Vessels will allow the Group to expand the scale of its LNG fleet and capitalize on the recent positive market environment of LNG trading and the consequential growing market demand for LNG transportation, thereby consolidating the leading position of the Group in the LNG transportation industry in the PRC and enhancing the core competitiveness of the LNG transportation business of the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Shipbuilding Contracts and the transactions contemplated thereunder are fair and reasonable and the entering into of the Shipbuilding Contracts is in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE HONG KONG LISTING RULES**

The Transaction and the 2021 Transaction constitute a series of transactions made within a 12-month period and shall be aggregated pursuant to Rule 14.22 of the Hong Kong Listing Rules. As one or more of the applicable percentage ratios in respect of the Transaction (when aggregated with the 2021 Transaction) exceeds 5% but are all less than 25%, the Transaction constitutes a discloseable transaction of the Company subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

## **DEFINITIONS**

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

“A Share(s)”	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
“Board”	the board of Directors of the Company

“Buyer”	LNG Hong Kong
“China Shipbuilding Corporation”	China State Shipbuilding Corporation Limited* (中國船舶集團有限公司), a company incorporated under the laws of the PRC with limited liability and is controlled by SASAC
“China Shipbuilding Trading”	China Shipbuilding Trading Co., Ltd.* (中國船舶工業貿易有限公司), 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
“Joint Builder(s) and Buyer(s)”	collectively, Hudong-Zhonghua Shipbuilding and China Shipbuilding Trading
“LNG”	liquefied natural gas

“LNG Hong Kong”	COSCO SHIPPING LNG (Hong Kong) Ship Management Co., Limited (中遠海運液化天然氣(香港)船舶管理有限公司), a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“percentage ratios”	has the meaning ascribed to it under the Hong Kong Listing Rules
“PRC”	the People’s Republic of China
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Shipbuilding Contracts”	collectively, two shipbuilding contracts dated 12 May 2022 entered into by the Buyer with Hudong-Zhonghua Shipbuilding and China Shipbuilding Trading respectively, for the construction of the Vessels
“Transaction”	the transactions contemplated under the Shipbuilding Contracts
“US\$”	United States Dollar, the lawful currency of the United States of America
“Vessels”	two LNG carriers with guaranteed cargo capacity of 174,000 cubic metres and guaranteed deadweight of approximately 79,000 metric tons at design draught each
“2021 Transaction”	the transactions under the shipbuilding contracts entered into by the Group with relevant builders and sellers on 7 December 2021 for the construction of three vessels at an aggregate consideration of approximately US\$554 million, and the details of which are contained in the announcement of the Company dated 7 December 2021
“%”	per cent

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

Shanghai, the PRC  
12 May 2022

*As at the date of this announcement, the Board comprises Mr. Ren Yongqiang and Mr. Zhu Maijin as executive Directors, Mr. Zhang Qinghai and Mr. Liu Zhusheng as non-executive Directors, Mr. Teo Siong Seng, Mr. Victor Huang, Mr. Li Runsheng, Mr. Zhao Jinsong and Mr. Wang Zuwen as independent non-executive Directors.*

*\* For identification purpose only*