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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 25 July 2023, United Lucky LNG and United Propitious 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 two Vessels at an aggregate consideration of approximately RMB3.33 billion.

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, 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 25 July 2023, United Lucky LNG and United Propitious 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 two Vessels at an aggregate consideration of approximately RMB3.33 billion.

* *For identification purposes only*

THE SHIPBUILDING CONTRACTS

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

Date

25 July 2023

Parties

- (1) each of United Lucky LNG and United Propitious 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 (as the Sellers) have jointly and severally agreed to design, build, launch, equip and complete at the shipyard, and sell and deliver to the Buyers, and the Buyers have agreed to purchase and take delivery of the Vessels.

The Vessels

The Vessels are two LNG carriers with guaranteed cargo capacity of not less than 174,000 cubic metres and guaranteed deadweight of 79,130 metric tons at design draught each.

Consideration and payment terms

Pursuant to the Shipbuilding Contracts, the consideration for each of the Vessels is approximately RMB1.665 billion, and the aggregate consideration for the two Vessels is approximately RMB3.33 billion. The consideration (being the vessel price of each of the Vessels) is payable by each of the Buyers to the Sellers in five instalments of 20%, 10%, 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 each of the Buyers and the 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 75% by bank borrowings and approximately 25% by internal financial resources.

Delivery

The delivery of the two Vessels is expected to take place in the second half of 2025 and the first half of 2026, respectively.

Modifications

Pursuant to the Shipbuilding Contracts, the Buyers may submit a request for change to the specifications of the Vessels to the Sellers 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 program and the Sellers' 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 (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.

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. United Liquefied Gas Shipping is held by the Company through its subsidiaries as to 81%, and the remaining 19% share capital of United Liquefied Gas Shipping is indirectly held by Petrochina International (Hong Kong) Corporation Limited (中國石油國際事業(香港)有限公司) ("**Petrochina International**"). To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, Petrochina International and its ultimate beneficial owners are third parties independent of the Company and its connected persons. United Liquefied Gas Shipping 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 Lucky 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 Propitious 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.

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, which is controlled by the SASAC.

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.

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

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, 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.

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(s)”	collectively, United Lucky LNG and United Propitious LNG
“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 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
“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
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Seller(s)”	collectively, Hudong-Zhonghua Shipbuilding and China Shipbuilding Trading
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Shipbuilding Contracts”	collectively, two shipbuilding contracts dated 25 July 2023 entered into between each of the Buyers, Hudong-Zhonghua Shipbuilding and China Shipbuilding Trading for the construction of the Vessels
“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 Lucky LNG”	United Lucky LNG Shipping Co., Limited (聯祥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 Propitious LNG”	United Propitious LNG Shipping Co., Ltd. (聯瑞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

“Vessels” two LNG carriers with guaranteed cargo capacity of not less than 174,000 cubic metres and guaranteed deadweight of 79,130 metric tons at design draught each

“%” per cent

By order of the Board
COSCO SHIPPING Energy Transportation Co., Ltd.
Ni Yidan
Company Secretary

Shanghai, the PRC
25 July 2023

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

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