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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 THREE VESSELS

THE SHIPBUILDING CONTRACTS

The Board is pleased to announce that on 31 August 2023, Venture LNG, Valor LNG and Vision LNG (each being a wholly-owned subsidiary of China Energy Shipping, an indirect non-wholly-owned subsidiary of the Company) entered into the Shipbuilding Contracts with Dalian Shipbuilding and China Shipbuilding Trading for the construction of three Vessels at an aggregate consideration of approximately USD700 million.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

The Transaction and the July 2023 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 July 2023 Transaction) exceed 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.

* *For identification purposes only*

INTRODUCTION

The Board is pleased to announce that on 31 August 2023, Venture LNG, Valor LNG and Vision LNG (each being a wholly-owned subsidiary of China Energy Shipping, an indirect non-wholly-owned subsidiary of the Company) entered into the Shipbuilding Contracts with Dalian Shipbuilding and China Shipbuilding Trading for the construction of three Vessels at an aggregate consideration of approximately USD700 million.

THE SHIPBUILDING CONTRACTS

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

Date

31 August 2023

Parties

- (1) each of Venture LNG, Valor LNG and Vision LNG (as buyer respectively);
- (2) Dalian Shipbuilding (as builder and seller); and
- (3) China Shipbuilding Trading (as seller).

Subject matter

Pursuant to the Shipbuilding Contracts, Dalian Shipbuilding has 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 three LNG carriers with guaranteed cargo capacity of not less than 175,000 cubic metres and guaranteed deadweight of 81,300 metric tons at design draught each.

Consideration and payment terms

Pursuant to the Shipbuilding Contracts, the aggregate consideration for three Vessels is approximately USD700 million. 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 74.4% by bank borrowings and approximately 25.6% by internal financial resources.

Delivery

The delivery of three Vessels is expected to take place on or before 31 March 2027, 30 June 2027 and 30 April 2028, 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.

China Energy 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. China Energy Shipping is held by the Company through its subsidiaries as to 51%, and the remaining 49% share capital of China Energy Shipping is indirectly held by Sinopec Kantons Holdings Limited (中石化冠德控股有限公司) ("**Kantons Holdings**", Hong Kong Stock Exchange stock code: 934) through its wholly-owned subsidiary. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, Kantons Holdings and its ultimate beneficial owners are third parties independent of the Company and its connected persons. China Energy Shipping is an investment holding company, currently investing in and operating six 174,000m³ LNG vessels (excluding the three new building LNG vessels this time).

Venture LNG, is a company incorporated under the laws of Hong Kong with limited liability and is a wholly-owned subsidiary of China Energy Shipping. It is principally engaged in vessel holding.

Valor LNG is a company incorporated under the laws of Hong Kong with limited liability and is a wholly-owned subsidiary of China Energy Shipping. It is principally engaged in vessel holding.

Vision LNG is a company incorporated under the laws of Hong Kong with limited liability and is a wholly-owned subsidiary of China Energy Shipping. It is principally engaged in vessel holding.

Information on Dalian Shipbuilding and China Shipbuilding Trading

Dalian 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, Dalian Shipbuilding is a wholly owned subsidiary of China Shipbuilding Industry Company Limited* (中國船舶重工股份有限公司), the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601989) and indirectly controlled by China Shipbuilding Corporation (controlled by 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, Dalian 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 July 2023 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 July 2023 Transaction) exceed 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(s)”	collectively, Venture LNG, Valor LNG and Vision LNG
“China Energy Shipping”	China Energy Shipping Investment Co., Limited (中國能源運輸投資有限公司), a company incorporated under the laws of Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company
“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

“Dalian Shipbuilding”	Dalian Shipbuilding Industry Group Co., Ltd.* (大連船舶重工集團有限公司) a company incorporated under the laws of the PRC with limited liability
“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
“July 2023 Transaction”	the transactions under the shipbuilding contracts entered into by the Group with relevant builders and sellers on 25 July 2023 for the construction of two vessels at an aggregate consideration of approximately RMB3.33 billion, and the details of which are contained in the announcement of the Company dated 25 July 2023
“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 PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Seller(s)”	collectively, Dalian Shipbuilding and China Shipbuilding Trading
“Shareholder(s)”	holder(s) of the share(s) of the Company

“Shipbuilding Contracts”	collectively, three shipbuilding contracts dated 31 August 2023 entered into between each of the Buyers, Dalian Shipbuilding and China Shipbuilding Trading for the construction of the Vessels
“USD”	United States dollar, the lawful currency of the United States of America
“Valor LNG”	China Energy Valor LNG Shipping Co., Ltd. (中能興越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 China Energy Shipping
“Venture LNG”	China Energy Venture LNG Shipping Co., Ltd. (中能興程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 China Energy Shipping
“Vessels”	three LNG carriers with guaranteed cargo capacity of not less than 175,000 cubic metres and guaranteed deadweight of 81,300 metric tons at design draught each
“Vision LNG”	China Energy Vision LNG Shipping Co., Ltd. (中能興遠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 China Energy Shipping
“%”	per cent

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

Shanghai, the PRC
31 August 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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