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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 AND CONNECTED TRANSACTIONS**  
**CONSTRUCTION OF SIX OIL TANKERS**

**THE SHIPBUILDING CONTRACTS**

The Board is pleased to announce that on 29 December 2023, the Group entered into the Shipbuilding Contracts with COSCO SHIPPING Heavy Industry (Yangzhou) and COSCO SHIPPING Heavy Industry (Dalian) for the construction of six oil tankers at an aggregate consideration of RMB2,918 million.

**IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, 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 45.20% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING is an indirect controlling shareholder of the Company and therefore a connected person of the Company.

To the best of the Directors' knowledge, information and belief, COSCO SHIPPING Heavy Industry (Yangzhou) and COSCO SHIPPING Heavy Industry (Dalian) are indirect wholly-owned subsidiaries of COSCO SHIPPING and therefore are connected persons of the Company. Accordingly, the Shipbuilding Contracts and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios calculated in accordance with the 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 discloseable and connected transactions of the Company and

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are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules, and the announcement, Independent Shareholders' approval, circular and annual reporting requirements under Chapter 14A of the Listing Rules.

An EGM will be convened for the purpose of considering, and if thought fit, approving the Shipbuilding Contracts and the transactions contemplated thereunder. COSCO SHIPPING and its associates are required to abstain from voting on the resolution(s) approving the Shipbuilding Contracts and the transactions contemplated thereunder at the EGM.

A circular containing, among other things, details of the transactions under the Shipbuilding Contracts, a letter from the Independent Board Committee with its recommendation to the Independent Shareholders, a letter of advice from the independent financial advisor to the Independent Board Committee and the Independent Shareholders, as well as a notice convening the EGM will be dispatched to the Shareholders on or before 22 January 2024 in accordance with the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 29 December 2023, the Group entered into the Shipbuilding Contracts with COSCO SHIPPING Heavy Industry (Yangzhou) and COSCO SHIPPING Heavy Industry (Dalian) for the construction of six oil tankers at an aggregate consideration of RMB2,918 million.

## **SHIPBUILDING CONTRACTS FOR AFRAMAX CRUDE OIL TANKERS**

The principal terms of the Shipbuilding Contracts for Aframax Crude Oil Tankers are set out below:

### **Date**

29 December 2023

### **Parties**

- (1) COSCO SHIPPING Energy Transportation (Hainan) (as the buyer); and
- (2) COSCO SHIPPING Heavy Industry (Yangzhou) (as the builder and seller).

### **Subject matter**

Pursuant to the Shipbuilding Contracts for Aframax Crude Oil Tankers, COSCO SHIPPING Heavy Industry (Yangzhou) has agreed to design, build, launch, equip and complete at the shipyard, and sell and deliver to COSCO SHIPPING Energy Transportation (Hainan), and COSCO SHIPPING Energy Transportation (Hainan) has agreed to purchase and take delivery of the tankers.

## **The tankers**

The tankers are three Aframax Green Methanol Dual Fuel crude oil tankers with a guaranteed deadweight of 114,200 DWT at structural draught each.

## **Consideration and payment terms**

Pursuant to the Shipbuilding Contracts for Aframax Crude Oil Tankers, the consideration for each of the tankers is RMB579 million, and the aggregate consideration for the three tankers is RMB1,737 million. The consideration (being the tanker price of each of the tankers) is payable by COSCO SHIPPING Energy Transportation (Hainan) to COSCO SHIPPING Heavy Industry (Yangzhou) in five instalments of 20%, 10%, 10%, 10% and 50%, respectively based on the shipbuilding progress.

The consideration for each tanker may be adjusted based on (i) the construction elements of the relevant tanker, being its speed, deadweight tonnage and fuel consumption rate, (for the speed and deadweight tonnage) falling below or (for fuel consumption rate) exceeding certain agreed benchmarks as stipulated in the relevant shipbuilding contract; or (ii) the delay in delivery of the relevant tanker exceeding certain agreed time limits as stipulated in the relevant shipbuilding contract. The above adjustments shall be made together with the fifth instalment payment.

The consideration was determined after arm's length negotiations between COSCO SHIPPING Energy Transportation (Hainan) and COSCO SHIPPING Heavy Industry (Yangzhou) with reference to the market price for the construction of comparable tankers by major ship builders in the market.

In the course of negotiating the consideration for the tankers, to reach the final terms of the Shipbuilding Contracts, the Group sent enquiries to a number of shipyards in the PRC, selected the target shipyard based on respective shipbuilding capacity, dock availability, delivery date, price and other factors of the shipyards with feedback offers, and conducted several rounds of negotiation with the target shipyard in respect of the technical and commercial aspects.

The consideration will be funded by COSCO SHIPPING Energy Transportation (Hainan) as to approximately 70% by bank borrowings and approximately 30% by internal financial resources.

## **Delivery**

The delivery of the three tankers is expected to take place on or before 31 December 2026, 30 September 2027 and 30 November 2027, respectively.

## **Modifications**

During the construction of the tankers, COSCO SHIPPING Energy Transportation (Hainan) shall be entitled to make reasonable requests for changes to the specifications of the tankers to COSCO SHIPPING Heavy Industry (Yangzhou). COSCO SHIPPING Energy Transportation (Hainan) shall

provide sufficient documentation and describe the changes requested in detail, provided that the shipbuilding plan and other commitments of COSCO SHIPPING Heavy Industry (Yangzhou) may reasonably be adjusted according to the changes.

## **SHIPBUILDING CONTRACTS FOR PANAMAX CRUDE OIL TANKERS**

The principal terms of the Shipbuilding Contracts for Panamax Crude Oil Tankers are set out below:

### **Date**

29 December 2023

### **Parties**

- (1) COSCO SHIPPING Energy Transportation (Hainan) (as the buyer); and
- (2) COSCO SHIPPING Heavy Industry (Dalian) (as the builder and seller).

### **Subject matter**

Pursuant to the Shipbuilding Contracts for Panamax Crude Oil Tankers, COSCO SHIPPING Heavy Industry (Dalian) has agreed to design, build, launch, equip and complete at the shipyard, and sell and deliver to COSCO SHIPPING Energy Transportation (Hainan), and COSCO SHIPPING Energy Transportation (Hainan) has agreed to purchase and take delivery of the tankers.

### **The tankers**

The tankers are two Panamax crude oil tankers with a guaranteed deadweight of 64,900 DWT at structural draught each.

### **Consideration and payment terms**

Pursuant to the Shipbuilding Contracts for Panamax Crude Oil Tankers, the consideration for each of the tankers is RMB416 million, and the aggregate consideration for the two tankers is RMB832 million. The consideration (being the tanker price of each of the tankers) is payable by COSCO SHIPPING Energy Transportation (Hainan) to COSCO SHIPPING Heavy Industry (Dalian) in five instalments of 20%, 10%, 10%, 10% and 50%, respectively based on the shipbuilding progress.

The consideration for each tanker may be adjusted based on (i) the construction elements of the relevant tanker, being its speed, deadweight tonnage and fuel consumption rate, (for the speed and deadweight tonnage) falling below or (for fuel consumption rate) exceeding certain agreed benchmarks as stipulated in the relevant shipbuilding contract; or (ii) the delay in delivery of the relevant tanker exceeding certain agreed time limits as stipulated in the relevant shipbuilding contract. The above adjustments shall be made together with the fifth instalment payment.

The consideration was determined after arm's length negotiations between COSCO SHIPPING Energy Transportation (Hainan) and COSCO SHIPPING Heavy Industry (Dalian) with reference to the market price for the construction of comparable tankers by major ship builders in the market.

In the course of negotiating the consideration for the tankers, to reach the final terms of the Shipbuilding Contracts, the Group sent enquiries to a number of shipyards in the PRC, selected the target shipyard based on respective shipbuilding capacity, dock availability, delivery date, price and other factors of the shipyards with feedback offers, and conducted several rounds of negotiation with the target shipyard in respect of the technical and commercial aspects.

The consideration will be funded by COSCO SHIPPING Energy Transportation (Hainan) as to approximately 70% by bank borrowings and approximately 30% by internal financial resources.

### **Delivery**

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

### **Modifications**

During the construction of the tankers, COSCO SHIPPING Energy Transportation (Hainan) shall be entitled to make reasonable requests for changes to the specifications of the tankers to COSCO SHIPPING Heavy Industry (Dalian). COSCO SHIPPING Energy Transportation (Hainan) shall provide sufficient documentation and describe the changes requested in detail, provided that the shipbuilding plan and other commitments of COSCO SHIPPING Heavy Industry (Dalian) may reasonably be adjusted according to the changes.

## **SHIPBUILDING CONTRACT FOR MR CRUDE OIL TANKER**

The principal terms of the Shipbuilding Contract for MR Crude Oil Tanker are set out below:

### **Date**

29 December 2023

### **Parties**

- (1) The Company (as the buyer); and
- (2) COSCO SHIPPING Heavy Industry (Dalian) (as the builder and seller).

## **Subject matter**

Pursuant to the Shipbuilding Contract for MR Crude Oil Tanker, COSCO SHIPPING Heavy Industry (Dalian) has agreed to design, build, launch, equip and complete at the shipyard, and sell and deliver to the Company, and the Company has agreed to purchase and take delivery of the tanker.

## **The tanker**

The tanker is an MR crude oil tanker with a guaranteed deadweight of 49,900 DWT at structural draught.

## **Consideration and payment terms**

Pursuant to the Shipbuilding Contract for MR Crude Oil Tanker, the consideration for the tanker is RMB349 million. The consideration (being the tanker price of the tanker) is payable by the Company to COSCO SHIPPING Heavy Industry (Dalian) in five instalments of 20%, 20%, 20%, 20% and 20%, respectively based on the shipbuilding progress.

The consideration for the tanker may be adjusted based on (i) the construction elements of the tanker, being its speed, deadweight tonnage and fuel consumption rate, (for the speed and deadweight tonnage) falling below or (for fuel consumption rate) exceeding certain agreed benchmarks as stipulated in the shipbuilding contract; or (ii) the delay in delivery of the tanker exceeding certain agreed time limits as stipulated in the shipbuilding contract. The above adjustments shall be made together with the fifth instalment payment.

The consideration was determined after arm's length negotiations between the Company and COSCO SHIPPING Heavy Industry (Dalian) with reference to the market price for the construction of comparable tankers by major ship builders in the market.

In the course of negotiating the consideration for the tankers, to reach the final terms of the Shipbuilding Contracts, the Group sent enquiries to a number of shipyards in the PRC, selected the target shipyard based on respective shipbuilding capacity, dock availability, delivery date, price and other factors of the shipyards with feedback offers, and conducted several rounds of negotiation with the target shipyard in respect of the technical and commercial aspects.

The consideration will be funded by the Company as to approximately 70% by bank borrowings and approximately 30% by internal financial resources.

## **Delivery**

The delivery of the tanker is expected to take place on or before 30 November 2026.

## **Modifications**

During the construction of the tanker, the Company shall be entitled to make reasonable requests for changes to the specifications of the tanker to COSCO SHIPPING Heavy Industry (Dalian). The Company shall provide sufficient documentation and describe the changes requested in detail, provided that the shipbuilding plan and other commitments of COSCO SHIPPING Heavy Industry (Dalian) may reasonably be adjusted according to the changes.

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

The entering into of the Shipbuilding Contracts is in line with the “14th Five-Year Plan” strategy of the Group. The construction of tankers will allow the Group to optimize the structure of the tanker fleet and improve the stable profitability, thereby promoting the Group’s global layout and the development of green and low-carbon shipping.

The Directors (other than the independent non-executive Directors who will give their views after taking into account the advice of the independent financial adviser to be appointed as set out in the section headed “Implications Under the Listing Rules” in this announcement below) 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.

## **RELEVANT INFORMATION ON THE PARTIES TO THE SHIPBUILDING CONTRACTS**

### **Information on the Group**

COSCO SHIPPING Energy Transportation (Hainan) is a company incorporated under the laws of the PRC with limited liability. It is a wholly-owned subsidiary of the Company and is principally engaged in the international energy transportation business.

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, PRC coastal and international oil shipment, international LNG shipment and vessel chartering.

### **Information on COSCO SHIPPING Heavy Industry (Yangzhou) and COSCO SHIPPING Heavy Industry (Dalian)**

COSCO SHIPPING Heavy Industry (Yangzhou) is a company incorporated under the laws of the PRC with limited liability. It is a wholly-owned subsidiary of COSCO SHIPPING Heavy Industry and is principally engaged in the construction, repair and conversion of vessels.

COSCO SHIPPING Heavy Industry (Dalian) is a company incorporated under the laws of the PRC with limited liability. It is an indirect wholly-owned subsidiary of COSCO SHIPPING Heavy Industry and is principally engaged in the construction, repair and conversion of vessels.

COSCO SHIPPING Heavy Industry is a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING. It is principally engaged in the construction, repair and conversion of vessels and marine equipment and supporting services.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, 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 45.20% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING is an indirect controlling shareholder of the Company and therefore a connected person of the Company.

To the best of the Directors' knowledge, information and belief, COSCO SHIPPING Heavy Industry (Yangzhou) and COSCO SHIPPING Heavy Industry (Dalian) are indirect wholly-owned subsidiaries of COSCO SHIPPING and therefore are connected persons of the Company. Accordingly, the Shipbuilding Contracts and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios calculated in accordance with the 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 discloseable and connected transactions of the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules, and the announcement, Independent Shareholders' approval, circular and annual reporting requirements under Chapter 14A of the Listing Rules.

Mr. Wang Wei and Ms. Wang Songwen, both being non-executive Directors, hold directorship(s) or act as senior management in COSCO SHIPPING and/or its associates. Therefore, Mr. Wang Wei and Ms. Wang Songwen have abstained from voting on the relevant Board resolution approving the Shipbuilding Contracts and the transactions contemplated thereunder. Save as aforementioned, none of the other Directors has a material interest in the Shipbuilding Contracts and the transactions contemplated thereunder and therefore no other Director has abstained from voting on such Board resolution(s).

An EGM will be convened for the purpose of considering, and if thought fit, approving the Shipbuilding Contracts and the transactions contemplated thereunder. COSCO SHIPPING and its associates are required to abstain from voting on the resolution(s) approving the Shipbuilding Contracts and the transactions contemplated thereunder at the EGM.



An Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the transactions contemplated under the Shipbuilding Contracts are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business, and whether they are in the interests of the Company and its Shareholders as a whole. The Company will appoint an independent financial advisor to advise the Independent Board Committee and the Independent Shareholders as to whether or not the terms of the Shipbuilding Contracts are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business so far as the Independent Shareholders are concerned and are in the interest of the Company and the Shareholders as a whole.

A circular containing, among other things, details of the transactions under the Shipbuilding Contracts, a letter from the Independent Board Committee with its recommendation to the Independent Shareholders, a letter of advice from the independent financial advisor to the Independent Board Committee and the Independent Shareholders, as well as a notice convening the EGM will be dispatched to the Shareholders on or before 22 January 2024 in accordance with the 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
“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 Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“COSCO SHIPPING”	CHINA COSCO SHIPPING Corporation Co., Ltd.* (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

“COSCO SHIPPING Energy Transportation (Hainan)”	COSCO SHIPPING Energy Transportation (Hainan) Co., Ltd.* (海南中遠海運能源運輸股份有限公司), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“COSCO SHIPPING Heavy Industry”	COSCO SHIPPING Heavy Industry Co., Ltd.* (中遠海運重工有限公司), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING
“COSCO SHIPPING Heavy Industry (Dalian)”	COSCO SHIPPING Heavy Industry (Dalian) Co., Ltd.* (大連中遠海運重工有限公司), a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING
“COSCO SHIPPING Heavy Industry (Yangzhou)”	COSCO SHIPPING Heavy Industry (Yangzhou) Co., Ltd.* (揚州中遠海運重工有限公司), a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Shareholders to be convened by the Company to consider and, if thought fit, to approve (amongst others) the Shipbuilding Contracts and the transactions contemplated thereunder
“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 Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, namely Mr. Victor Huang, Mr. Li Runsheng, Mr. Zhao Jinsong and Mr. Wang Zuwen, established to advise the Independent Shareholders in respect of the transactions contemplated under the Shipbuilding Contracts
“Independent Shareholder(s)”	Shareholder(s) other than COSCO SHIPPING and its associates

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“percentage ratio(s)”	has the meaning ascribed to it under the 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
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Shipbuilding Contract for MR Crude Oil Tanker”	a shipbuilding contract dated 29 December 2023 entered into between the Company and COSCO SHIPPING Heavy Industry (Dalian) for the construction of one MR crude oil tanker with a deadweight of 49,900 DWT
“Shipbuilding Contracts”	Shipbuilding Contracts for Aframax Crude Oil Tankers, Shipbuilding Contracts for Panamax Crude Oil Tankers and Shipbuilding Contract for MR Crude Oil Tanker
“Shipbuilding Contracts for Aframax Crude Oil Tankers”	three shipbuilding contracts each dated 29 December 2023 entered into between COSCO SHIPPING Energy Transportation (Hainan) and COSCO SHIPPING Heavy Industry (Yangzhou) for the construction of three Aframax Green Methanol Dual Fuel crude oil tankers with a deadweight of 114,200 DWT each
“Shipbuilding Contracts for Panamax Crude Oil Tankers”	two shipbuilding contracts each dated 29 December 2023 entered into between COSCO SHIPPING Energy Transportation (Hainan) and COSCO SHIPPING Heavy Industry (Dalian) for the construction of two Panamax crude oil tankers with a deadweight of 64,900 DWT each
“%”	per cent

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

Shanghai, the PRC  
29 December 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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