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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
CAPITAL INJECTION AGREEMENT**

The Agreements

The Board is pleased to announce that, on 6 March 2018:

- (1) the Company, PetroChina Company and PetroChina Dalian entered into the Capital Injection Agreement, pursuant to which the Company shall (a) inject a sum of RMB396,550,896.00 (equivalent to approximately HK\$489,968,241) into PetroChina Dalian, of which RMB52,040,800.00 (equivalent to approximately HK\$64,300,294) and RMB344,510,096.00 (equivalent to approximately HK\$425,667,947) will be recognised as the registered capital and the capital reserve of PetroChina Dalian, respectively; and (b) make capital contribution of no less than RMB122.4 million (equivalent to approximately HK\$151.2 million) to PetroChina Dalian within two (2) months of completion of the Capital Injection; and
- (2) the Company and PetroChina Company entered into the Supplemental Agreement, which supplements certain terms of the Capital Injection Agreement and sets out certain terms of the management of PetroChina Dalian.

PetroChina Dalian is principally engaged in international and domestic shipping and transportation business of petroleum and other resources.

Upon Completion, the Company will hold 51% of the enlarged issued share capital of PetroChina Dalian. PetroChina Dalian will become a non-wholly owned subsidiary of the Company.

Listing Rules Implications

The entering into of the Agreements constitutes a discloseable transaction of the Company under the Listing Rules as certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions exceeds 5% but are all less than 25%. Accordingly, the Agreements are subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

The Board is pleased to announce that the Company succeeded in the bid of a 51% equity interest in PetroChina Dalian owned by PetroChina Company (through capital injection) which was tendered on the SUAEE. The Company submitted its bid in respect of the Capital Injection according to the procedures laid down by the SUAEE on 26 February 2018 and paid a deposit in the amount of RMB80 million. As confirmed by PetroChina Dalian, the Company was confirmed as the winner of the bid on 28 February 2018. On 6 March 2018, the Company entered into the Agreements which set out its contractual obligations in relation to the Capital Injection and the management of PetroChina Dalian.

PRINCIPAL TERMS OF THE AGREEMENTS

The main terms of the Capital Injection Agreement are summarised as follows:

Date: 6 March 2018

Parties: (1) The Company
(2) PetroChina Company
(3) PetroChina Dalian

Capital Injection: Prior to the entering into of the Capital Injection Agreement, PetroChina Dalian was wholly-owned by PetroChina Company.

Pursuant to the Capital Injection Agreement and the Supplemental Agreement, the Company shall inject a sum of RMB396,550,896.00 (equivalent to approximately HK\$489,968,241) into PetroChina Dalian by way of cash, of which RMB52,040,800.00 (equivalent to approximately HK\$64,300,294) and RMB344,510,096.00 (equivalent to approximately HK\$425,667,947) will be recognised as the registered capital and the capital reserve of PetroChina Dalian, respectively.

The amount of the Capital Injection was determined between the Company and PetroChina Company with reference to the valuation of the shareholder's equity interest of PetroChina Dalian of RMB380,960,300.00 (equivalent to approximately HK\$470,704,895) conducted by an independent professional valuer.

The Capital Injection will be financed by the Group's internal resources.

The Company shall make payment of the Capital Injection to the bank account of PetroChina Dalian within five (5) working days of the effective date of the Capital Injection Agreement.

Upon completion of the Capital Injection, the Company and PetroChina Company will hold 51% and 49% equity interests in PetroChina Dalian respectively. PetroChina Dalian will therefore become a subsidiary of the Company and its financial results will be consolidated with the Group's results.

Capital
Contribution:

PetroChina Company and the Company shall make capital contribution of an aggregate amount of no less than RMB240 million (equivalent to approximately HK\$296.5 million) to PetroChina Dalian in proportion to their equity interests in PetroChina Dalian at the same cost of the Capital Injection within two (2) months of completion of the Capital Injection (i.e. within two (2) months from the date of the registration of business change in relation to the Capital Injection).

Therefore, the Company shall make capital contribution of no less than RMB122.4 million (equivalent to approximately HK\$151.2 million) to PetroChina Dalian within two (2) months of completion of the Capital Injection.

Return of deposit:

SUAEE will return the deposit in the amount of RMB80 million to the Company within three (3) working days of completion of the Capital Injection.

Undertakings of the Company: The Company undertakes that, among other things:

- (1) upon becoming the shareholder of PetroChina Dalian, it will not sell or dispose of the shares of PetroChina Dalian within 36 months;
- (2) it will approve the terms of the Employees Placement Plan and the execution of the Employees Placement Plan by PetroChina Dalian in accordance with the terms thereof.

The main terms of the Supplemental Agreement are summarised as follows:

Date: 6 March 2018

Parties: (1) The Company
(2) PetroChina Company

Obligations of the shareholders: (1) PetroChina Company shall give priority to engaging PetroChina Dalian to transport its refined oil, crude oil, fuel oil, chemicals, liquefied natural gas and other marine resources; and
(2) the Group shall provide shipping management and technical services, domestic and foreign trade business platform services and other related supports to PetroChina Dalian.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, PetroChina Company, PetroChina Dalian and their respective ultimate beneficial owners are independent third parties not connected with the Company and its connected persons (as defined in the Listing Rules).

The Directors consider that the terms of the Agreements are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

The Board believes that the Capital Injection represents a good opportunity for the Group to strengthen its petroleum and other resources shipping business considering the existing operation and resources of PetroChina Dalian. The Directors are of the view that the industry which PetroChina Dalian operates in has potential of development going forward and the Capital Injection will be mutually beneficial to both PetroChina Dalian and the Group.

GENERAL INFORMATION

The Group

The Company is a joint stock company established under the laws of 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 (a) investment holding; and/or (b) oil and LNG shipment along the PRC coast and international shipment; and/or (c) vessel chartering.

PetroChina Company

PetroChina Company is a joint stock limited company incorporated in the PRC. The H Shares, American Depositary Shares, and A Shares of PetroChina Company are listed on the Hong Kong Stock Exchange, the New York Stock Exchange, and the Shanghai Stock Exchange, respectively.

PetroChina Company and its subsidiaries engage in a broad range of petroleum and natural gas activities including the exploration, development, production and sale of crude oil and natural gas; the refining of crude oil and petroleum products; the production and sale of basic petrochemical products, derivative petrochemical products and other petrochemical products; the sale and trading of refined products; and the transmission of natural gas, crude oil and refined products, and the sale of natural gas.

PetroChina Dalian

PetroChina Dalian is a limited liability company established in the PRC and was wholly-owned by PetroChina Company prior to the entering of the Capital Injection Agreement. It is principally engaged in international and domestic shipping and transportation business of petroleum and other resources.

The following is the financial information of PetroChina Dalian as extracted from its audited financial statements for the year ended 31 December 2016 and its unaudited financial statements for the year ended 31 December 2017 respectively:

| | For the year ended 31 December 2016 | For the year ended 31 December 2017 |
|-----------------------------------|--|--|
| | <i>RMB'000</i> <i>(audited)</i> <i>(approximately)</i> | <i>RMB'000</i> <i>(unaudited)</i> <i>(approximately)</i> |
| Net profit (loss) before taxation | 77,218 | 85,033 |
| Net profit (loss) after taxation | 55,432 | 62,096 |
| Net asset value | 474,687 | 352,932 |

LISTING RULES IMPLICATIONS

The entering into of the Agreements constitutes a discloseable transaction of the Company under the Listing Rules as certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions exceeds 5% but are all less than 25%. Accordingly, the Agreements are subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

| | |
|---------------------|---|
| “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 |
| “Agreements” | the Capital Injection Agreement and the Supplemental Agreement |
| “Board” | the board of Directors |
| “Capital Injection” | the capital injection to PetroChina Dalian in the amount of RMB396,550,896.00 (equivalent to approximately HK\$489,968,241) to be made by the Company pursuant to the Capital Injection Agreement |

| | |
|-------------------------------|--|
| “Capital Injection Agreement” | the agreement entered into between the Company, PetroChina Company and PetroChina Dalian dated 6 March 2018 in relation to the Capital Injection |
| “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 established in the PRC, the H Shares of which are listed on the Hong Kong Stock Exchange and the A Shares of which are listed on the Shanghai Stock Exchange |
| “Directors” | directors of the Company |
| “Employees Placement Plan” | the proposal to, amongst others, terminate the employment relationships of the employees of PetroChina Company (who also work for PetroChina Dalian previously) and enter into new employment arrangements with PetroChina Dalian |
| “Group” | the Company and its subsidiaries |
| “H Share(s)” | the overseas listed foreign shares in the ordinary share capital of the Company with a par value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange |
| “HK\$ | Hong Kong dollars, the lawful currency of the Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange |
| “percentage ratios” | has the meaning ascribed to it under the Listing Rules |

| | |
|--------------------------|---|
| “PetroChina Company” | PetroChina Company Limited (中國石油天然氣股份有限公司), a joint stock company limited by shares incorporated in the PRC on 5 November 1999 under the PRC Company Law, the H shares of which are listed on the Hong Kong Stock Exchange with American Depository Shares listed on the New York Stock Exchange and the A shares are listed on the Shanghai Stock Exchange |
| “PetroChina Dalian” | Dalian PetroChina Shipping Limited* (大連中石油海運有限公司), a limited liability company established in the PRC and was wholly-owned by PetroChina Company prior to the entering of the Capital Injection Agreement |
| “PRC” | The People’s Republic of China |
| “RMB” | Renminbi, the lawful currency of PRC |
| “Share(s)” | A Share(s) and H Share(s) |
| “Shareholder(s)” | holders of the Share(s) |
| “SUAAE” | Shanghai United Assets and Equity Exchange, an approved equity exchange for the transfer of State-owned asset |
| “Supplemental Agreement” | the agreement entered into between the Company and PetroChina Company dated 6 March 2018 which supplements certain terms of the Capital Injection Agreement and sets out certain terms of the management of PetroChina Dalian |
| “%” | per cent. |

For illustration purposes only the exchange rate of HK\$1 = RMB0.80934 has been adopted for translating HK\$ into RMB in this announcement.

By order of the Board
COSCO SHIPPING Energy Transportation Co., Ltd.
Mr. Huang Xiaowen
Chairman

Shanghai, the People’s Republic of China

6 March 2018

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Huang Xiaowen, Mr. Liu Hanbo and Mr. Lu Junshan as executive Directors, Mr. Feng Boming, Mr. Zhang Wei and Ms. Lin Honghua as non-executive Directors, Mr. Ruan Yongping, Mr. Ip Sing Chi, Mr. Rui Meng and Mr. Teo Siong Seng as independent non-executive Directors.

** For identification purposes only*