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SINOTRANS SHIPPING LIMITED

中外運航運有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 368)

MAJOR TRANSACTIONS JOINT VENTURE AGREEMENTS AND RELATED GUARANTEES

The Company announced on 21 September 2015 that it was in negotiations with certain parties in relation to participation in a possible joint venture to commission the building of five Arctic LNG carriers to engage in the LNG Arctic shipping business. The Board is pleased to announce that on 21 December 2015, the Group entered into a series of agreements for the formation of five joint ventures with Dynagas and CLNG through the five JV Companies, each of which is party to a Shipbuilding Contract and party to a Time Charter in respect of an Arctic LNG carrier. JV Completion took place on the same day as the signing of the JV Agreements. Upon the JV Completion, the Company indirectly owns 25.5% of each of the JV Companies. The JV Companies became associated companies of the Company.

For the purposes of forming the joint ventures, on 21 December 2015, the Group entered into a series of agreements in respect of each JV Company:

In respect of the SBC Transactions

- (i) the JV Agreements relating to the formation and operation of and funding commitments towards each of the five JV Companies;
- (ii) the Novation Payment Letters by which the Group guarantees 25.5% (pro rata to its shareholding) of each of the five JV Companies' payment obligations under the Novation Payment Letters in relation to the unpaid portion of the Novation Payment (being part of the shipbuilding costs initially paid by Yamal to the Shipbuilders under the relevant Shipbuilding Contracts) payable by the relevant JV Company to Yamal;
- (iii) the Shareholder Loan Novation Agreements by which the Group takes up 25.5% (pro rata to its shareholding) of the amounts advanced to each of the five JV Companies by Dynagas as shareholder's loan before the JV Completion for satisfying the Novation Payment;

- (iv) the SBC Guarantee in favour of Daewoo by which the Group guarantees 25.5% (pro rata to its shareholding) of each of the five JV Companies' payment and other obligations under the Shipbuilding Contracts payable by the JV Companies to the Shipbuilders; and

In respect of the TC Transactions

- (v) the TC Guarantee in favour of Yamal (i.e. the time charterer) by which the Group guarantees 25.5% (pro rata to its shareholding) of each of the five JV Companies' payment obligations under, inter alia, the Time Charters payable by the JV Companies to Yamal.

The contract documentation for the five JV Companies are identical except for the identity of the Vessel being constructed and purchased by each JV Company.

The liability of the Group under the SBC Transactions and the TC Transactions is pro-rata to its indirect shareholding in the JV Companies and the total aggregate liability of the Group under the SBC Transactions will not exceed US\$483 million (equivalent to approximately HK\$3,767.4 million) and, in respect of the TC Transactions, is expected to be no more than US\$11 million (equivalent to approximately HK\$85.8 million).

LISTING RULES IMPLICATIONS

The applicable percentage ratios of the SBC Transactions (based on the maximum commitments of the Company under the JV Agreements and the SBC Guarantees) are more than 25% but less than 100% and thus constitute major transactions of the Company. The TC Transactions, being financial assistance by the Company and not being subject to any monetary cap, also constitutes a major transaction of the Company. Accordingly, the SBC Transactions and TC Transactions are subject to reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the SBC Transactions and the TC Transactions. Written approval of the SBC Transactions and the TC Transactions has been obtained from the Majority Shareholder who holds approximately 65.13% of the total issued share capital of the Company as at the date of this announcement. Pursuant to Rule 14.44 of the Listing Rules, the written approval of the Majority Shareholder is accepted in lieu of holding a general meeting for the approval of the SBC Transactions and the TC Transactions.

A circular containing, amongst other things, the information required under the Listing Rules in relation to the SBC Transactions and the TC Transactions will be despatched to the Shareholders in compliance with the Listing Rules.

In light of the expected time required for relevant information to be prepared for inclusion in the circular, the Company currently expects to despatch to the Shareholders a circular in relation to the SBC Transactions and the TC Transactions on or before 1 February 2016. If the Company is not able to despatch the circular within such period due to the time required to prepare and finalise the relevant information for inclusion in the circular under the Listing Rules, the Company will make a further announcement of any expected delay in despatch of the circular in due course.

BACKGROUND

The Company announced on 21 September 2015 that it was in negotiations with certain parties in relation to participation in a possible joint venture to commission the building of five Arctic LNG carriers to engage in the LNG Arctic shipping business. The Board is pleased to announce that on 21 December 2015, the Group entered into a series of agreements for the formation of five joint ventures with Dynagas and CLNG through the five JV Companies, each of which is party to a Shipbuilding Contract and party to a Time Charter in respect of an Arctic LNG carrier. JV Completion took place on the same day as the signing of the JV Agreements.

Construction of the Vessels was commissioned by Yamal pursuant to the Shipbuilding Contracts with Daewoo and DY Shipping Limited (as shipbuilders) dated 29 December 2014. To facilitate the raising of funds necessary for the construction of the Vessels, on 30 July 2015, Yamal novated the Shipbuilding Contracts to the JV Companies, which were then (and immediately before the JV Completion) wholly-owned by Dynagas. Each JV Company is therefore party to one Shipbuilding Contract, upon completion of which, it will become the owner of the Vessel built under that Shipbuilding Contract.

In addition, on 12 August 2015, each JV Company entered into one Time Charter with Yamal, whereby each JV Company will lease the Vessel to Yamal for a term commencing from the delivery of each of the Vessels until 31 December 2045, with a buffer of up to 90 days before and after 31 December 2045 taking into account completion of the Vessels's voyage at the time before redelivery. Yamal shall have the option to extend the term of the Time Charters for two consecutive periods of up to five years for each period, with a similar buffer referred to above but up to 60 days.

In connection with such Shipbuilding Contracts and Time Charters, Dynagas (who owned the entire shareholding in each of the JV Companies then and immediately before the JV Completion) provided the Original Dynagas Guarantees to Daewoo and Original Dynagas Guarantees to Yamal to guarantee up to 100% of the obligations of each of the JV Companies under the Shipbuilding Contracts and the Time Charters respectively.

Each JV Company was incorporated on 13 July 2015 in the Marshall Islands and is expected to be re-domiciled in The Republic of Cyprus. For the period ended 30 September 2015, each JV Company's unaudited before and after tax losses (prepared under Hong Kong financial reporting standard) were approximately US\$700 and approximately US\$700 respectively. The net asset value of each JV Company as at 30 September 2015 was approximately US\$400 respectively.

The principal business of each JV Company is acquisition of the Vessel, management of the Vessel in respect of its ownership and operation on long term time charter to Yamal pursuant to the terms of the Time Charters.

For the purposes of forming the joint ventures, on 21 December 2015, the Group entered into a series of agreements in respect of each JV Company:

In respect of the SBC Transactions

- (i) the JV Agreements relating to the formation and operation of and funding commitments towards each of the five JV Companies;
- (ii) the Novation Payment Letters by which the Group guarantees 25.5% (pro rata to its shareholding) of each of the five JV Companies' payment obligations under the Novation Payment Letters in relation to the unpaid portion of Novation Payment (being part of the shipbuilding costs initially paid by Yamal to the Shipbuilders under the relevant Shipbuilding Contracts) payable by the relevant JV Company to Yamal;
- (iii) the Shareholder Loan Novation Agreements by which the Group takes up 25.5% (pro rata to its shareholding) of the amounts advanced to each of the five JV Companies by Dynagas as shareholders' loan before the JV Completion for satisfying the Novation Payment;
- (iv) the SBC Guarantee in favour of Daewoo by which the Group guarantees 25.5% (pro rata to its shareholding) of each of the five JV Companies' payment and other obligations under the Shipbuilding Contracts payable by the JV Companies to the Shipbuilders; and

In respect of the TC Transactions

- (v) the TC Guarantee in favour of Yamal (i.e. the time charterer) by which the Group guarantees 25.5% (pro rata to its shareholding) of each of the JV Companies' payment obligations under, inter alia, the Time Charters payable by the JV Companies to Yamal.

The contract documentation for the five JV Companies are identical except for the identity of the Vessel being constructed and purchased by each JV Company. Further particulars of those contracts are described below.

(A) AGREEMENTS IN RELATION TO THE SBC TRANSACTIONS

(i) JV Agreements

Date: 21 December 2015

- Parties:**
- (i) Dynagas (as shareholder of A ordinary shares)
 - (ii) The Company (as guarantor for Sinotrans LNG)
 - (iii) Sinotrans LNG (as shareholder of B ordinary shares)
 - (iv) CLNG (as shareholder of C ordinary shares)
 - (v) Each of the JV Companies

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Dynagas and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules). CLNG is indirectly majority owned by the government of the People's Republic of China through China Ocean Shipping (Group) Company, China Merchants Group and China Petrochemical Corporation. Save for the aforesaid, CLNG and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules)

Authorised and issued share capital of each of the JV Companies:

As at the date of this announcement, each JV Company has:

- (a) an authorized share capital of US\$1,000 divided into 490 A ordinary shares, 255 B ordinary shares and 255 C ordinary shares; and
- (b) an issued share capital of US\$1,000 divided into 490 A ordinary shares, 255 B ordinary shares and 255 C ordinary shares.

All of the shares in class A, B and C rank *pari passu* in all respects with each other including rights to dividends, voting and return of capital.

**Shareholding
interest in each of
the JV Companies:**

Immediately before the JV Completion, Dynagas held all 1,000 issued shares (comprising 490 A ordinary shares, 255 B ordinary shares and 255 C ordinary shares) of each JV Company. On the JV Completion, Dynagas transferred 255 B ordinary shares to Sinotrans LNG and 255 C ordinary shares to CLNG. Accordingly, shareholding interest in each JV Company is as follows:

- (i) Dynagas holds 490 A ordinary shares, representing 49% of the issued share capital of each JV Company
- (ii) Sinotrans LNG holds 255 B ordinary shares, representing 25.5% of the issued share capital of each JV Company
- (iii) CLNG holds 255 C ordinary shares, representing 25.5% of the issued share capital of each JV Company

The JV Agreements completed on the same day and the Company indirectly owns 25.5% of each JV Company. The JV Companies became associated companies of the Company.

**Total Shareholders'
Commitment:**

Each of Dynagas, CLNG and Sinotrans LNG agreed to provide funding to the JV Companies in proportion to their respective shareholding in the JV Companies.

The Group's maximum aggregate shareholder's commitment under the JV Agreements is US\$99.45 million (equivalent to approximately HK\$775.71 million).

Under the JV Agreements, no shareholder of the JV Companies will be obliged to contribute further funding unless otherwise agreed and to the extent the JV Companies request further funding, such requested funding shall be contributed pro rata to the shareholder's shareholding in the JV Companies (that is, 25.5% for the Group).

Such further funding or commitment in excess of the commitment above shall be subject to compliance with applicable laws and the Listing Rules.

Purpose and business of the JV Companies:	Acquisition of the Vessels, management of the Vessels in respect of their ownership and operation on long term time charters to Yamal pursuant to the terms of the Time Charters.
Board of directors of each of the JV Companies:	The respective board of directors of each of the JV Companies will comprise eight directors, four of whom will be appointed by Dynagas, two of whom will be appointed by CLNG and two of whom will be appointed by the Group.
Transfer of shares in the JV Companies:	The transfer of shares in the JV Companies by any shareholder of the JV Companies is subject to the prior written consent of the other shareholder(s) of that JV Company, save where Dynagas may transfer to its affiliate, in accordance with and subject to the terms of the JV Agreements.
Guarantees given by the Company:	<p>Pursuant to the JV Agreements, the Company agreed to:</p> <ul style="list-style-type: none"> <li data-bbox="670 936 1449 1053">(i) guarantee the due and punctual performance of all present and future obligations of Sinotrans LNG under the JV Agreements; and <li data-bbox="670 1085 1449 1361">(ii) indemnify the other parties in full and on demand against all costs and liabilities suffered by the other parties as a result of Sinotrans LNG's failure to perform or discharge its obligations under the JV Agreements or such obligations being unenforceable by reason of illegality, incapacity or any other matter.
Other ancillary agreements:	Each of the JV Companies is expected to enter into a number of ancillary agreements including corporate services agreements, ship management contracts and supervision agreements in respect of certain aspects of the operation of the JV Companies. The counterparties of these agreements are expected to be Dynagas Ltd. and CLNG.

(ii) Novation Payment Letters

In consideration for the transfer of all of Yamal's rights and obligations to the JV Companies pursuant to the Novation Agreements, the JV Companies are obliged to pay the Novation Payment of US\$158,765,915 in aggregate to Yamal (the Novation Payment being in an amount equal to the 1st instalment under the contract price initially paid by Yamal to Daewoo under the Shipbuilding Contracts), US\$39,691,478.75 of which was paid by the JV Companies (through shareholder's loan funded by Dynagas) and received by Yamal.

At JV Completion, each of Dynagas, CLNG and Sinotrans LNG, Yamal and each of the JV Companies entered into the Novation Payment Letters to guarantee the payment obligations of each of the JV Companies in respect of the unpaid amount of the Novation Payment (being US\$119,074,436.25 in aggregate) in proportion to their respective shareholding interest in the JV Companies. Pursuant to the Novation Payment Letters, Sinotrans LNG:

- (a) guarantees the due and punctual payment of the unpaid amount of the Novation Payment by each of the JV Companies; and
- (b) undertakes to make payment of such unpaid amount of the Novation Payment to Yamal within five business days upon Yamal's written demand if any of the JV Company fails to make the payment on or before 23 December 2015.

The liability of the Group under the Novation Payment Letters is pro-rata to its indirect shareholding in the JV Companies and the aggregate liability of the Group under the Novation Payment Letters will not exceed US\$30,364,000 in aggregate (equivalent to approximately HK\$236,839,000). The underlying liability of the Group under the Novation Payment Letters is in respect of the same shipbuilding costs contemplated under the JV Agreements and the SBC Guarantees.

(iii) Shareholder Loan Novation Agreements

Dynagas has previously, before the JV Completion, provided shareholder's loan to the JV Companies in the amount of approximately US\$39,689,000 in aggregate (equivalent to approximately HK\$309,574,000) as unsecured non-interest bearing loan for the purposes of satisfying the Novation Payment.

In order to ensure funding is pro rata to shareholding of each shareholder in the JV Companies upon the JV Completion, at JV Completion, Sinotrans LNG, CLNG, Dynagas and each of the JV Companies entered into the Shareholder Loan Novation Agreements to assume its pro rata portion of the amounts advanced (being approximately US\$10,120,695 in aggregate in respect of Sinotrans LNG, equivalent to HK\$78,941,000). On the same day, the Group paid US\$10,302,956.39 (equivalent to approximately HK\$80,363,000) to Dynagas, being the aggregate of the principal amount of its proportionate share of the shareholder's loan plus interest at 5% p.a. from the date of advance by Dynagas. The underlying liability of the Group under the Shareholder Loan Novation Agreements is in respect of the same shipbuilding costs contemplated under the JV Agreements and the SBC

Guarantees. In accordance with the JV Agreements and the Shareholder Loan Novation Agreements, once the Group has paid the above amount to Dynagas on JV Completion, each JV Company shall be deemed to have received US\$255 in equity subscriptions and approximately US\$2,024,138 in shareholder's loan from the Group.

(iv) SBC Guarantees

Pursuant to the Shipbuilding Contracts (as novated to the JV Companies by Yamal), the total consideration for the construction of the Vessels is approximately US\$1,587,659,140 (equivalent to approximately HK\$12,383,741,000). The expected delivery dates for each of the Vessels are on or before 30 November 2017, 31 December 2017, 31 January 2019, 28 February 2019 and 31 March 2019 respectively.

In connection with the Shipbuilding Contracts, Sinotrans LNG executed the SBC Guarantees on 21 December 2015 in favour of Daewoo in respect of each of the Vessels being constructed. On the same day, each of Dynagas and CLNG also entered into similar guarantees in favour of Daewoo on substantially the same terms except for the percentage guaranteed by each of Dynagas and CLNG (which are pro rata to their respective shareholdings in the JV Companies). Pursuant to the SBC Guarantees, Sinotrans LNG:

- (a) guarantees the respective JV Companies' due and full performance of their obligations under the Shipbuilding Contracts; and
- (b) undertakes to make payment within 21 days upon Daewoo's written demand of any amount that the JV Companies fail to pay under the Shipbuilding Contracts or, in the case of dispute of rescission of the Shipbuilding Contracts or amounts payable under the Shipbuilding Contracts, a copy of the final and unappealable award of the arbitration tribunal in the Shipbuilders's favour.

The liability of the Group under the SBC Guarantees is pro-rata to its indirect shareholding in the JV Companies and the total aggregate liability of the Group under the SBC Guarantees will not exceed US\$408 million (equivalent to approximately HK\$3,182.4 million) in aggregate. The Group's commitment under the SBC Transactions is determined with reference to the total consideration for the construction of the Vessels.

The obligations of the Group under each of the SBC Guarantees shall be continuing and shall cease upon the earliest of (a) final delivery of the relevant Vessels in accordance with the Shipbuilding Contracts; or (b) the effective rescission of the Shipbuilding Contracts by the JV Companies.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Daewoo, DY Shipping Limited, DY Destiny Limited and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

(B) AGREEMENTS IN RELATION TO THE TC TRANSACTIONS

(i) TC Guarantees

Pursuant to the Time Charters, the JV Companies will receive in aggregate US\$19,184,165 (equivalent to approximately HK\$149,636,000) per month as charterhire. Such charterhire is expected to be significantly in excess of the JV Companies' operating expenses in connection with operating the Vessels under the Time Charters. It is agreed in the JV Agreements that the JV Companies shall distribute to its shareholders dividends to the fullest extent prudently possible subject to applicable laws.

In connection with the Time Charters, Sinotrans LNG executed the TC Guarantees on 21 December 2015 in favour of Yamal in respect of each Time Charter. On the same day, each of Dynagas and CLNG also entered into similar guarantees in favour of Yamal on substantially the same terms except for the percentage guaranteed by each of Dynagas and CLNG (which are pro rata to their respective shareholdings in JV Companies). Pursuant to the TC Guarantees, Sinotrans LNG:

- (a) guarantees (i) the due and punctual performance of all terms and conditions of the Time Charters and the supplemental construction contracts (which set out Yamal's rights and obligations during the construction of the Vessels) by the JV Companies; and (ii) the due and punctual payment and discharge of all monies due to be paid by the JV Companies under the Time Charters and the supplemental construction contracts referred to above; and
- (b) undertakes that (i) if and whenever the JV Companies defaults in the due and punctual performance of any of their respective obligations under the relevant Time Charters and/or under the supplemental construction contracts referred to above, the Company shall within five business days after receipt of Yamal's demand perform or cause the performance of such obligations; and (ii) if and whenever a JV Company fails to pay on the due date any sum due and payable under the Time Charters and/or the supplemental construction contracts referred to above, the Company shall within three business days after receipt of Yamal's demand pay such sum to Yamal.

Sinotrans LNG will also indemnify the Charterer against all costs and liabilities suffered by Yamal as a result of the JV Companies' breach under the Time Charters and/or the supplemental construction contracts referred to above.

The liability of the Company under the TC Guarantees is pro-rata to its indirect shareholding in the JV Companies and the total aggregate liability of the Company under the TC Guarantees is expected to be no more than US\$11 million (equivalent to approximately HK\$85.8 million), being 25.5% of the estimated aggregate operational expenses of the Vessels for one year as estimated by the Company.

The TC Guarantees shall be continuing security for the performance by the JV Companies of all their respective obligations under the Time Charters and the supplemental construction contracts referred to above.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Yamal and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Where required, the Company currently expects to fund its obligations under the Agreements, the SBC Guarantees and the TC Guarantees by way of internal financial resources, borrowings (or a combination of both).

REASONS FOR AND BENEFITS OF ENTERING INTO THE SBC TRANSACTIONS AND THE TC TRANSACTIONS

The entering into of the SBC Transactions and the TC Transactions signifies a milestone for the Group's participation in the growing LNG transportation market and expansion of its existing chartering business through the ownership of 25.5% of the JV Companies and its strategic relationship with Dynagas and CLNG. Dynagas (being a shareholder holding more than 30% stake in Dynagas LNG Partners LP, a NYSE-listed corporation) and CLNG (being a joint venture set up by (amongst others) China Ocean Shipping (Group) Company and China Merchants Group) are experienced market players in the LNG transportation market. The Board believes that the cooperative relationships with Dynagas and CLNG will open up new business opportunities, allow the Group to expand its operating fleet to include interests in LNG vessels and enhance the Group's capability in the LNG transportation market, hence strengthening the Group's competitive advantage as a whole, given that PRC and various other countries are LNG importers.

The entering into of the SBC Guarantees and the TC Guarantees would facilitate the entry into of the Shipbuilding Contracts and the Time Charters by the JV Companies, and in turn, is expected to generate positive investment return going forward for the Group through its interests in the JV Companies.

The Directors considered that the commitments under the SBC Transactions and the TC Transactions described above were determined on arm's length basis, and that the terms of the JV Agreements, the Novation Payment Letters, the Shareholder Loan Novation Agreements, the SBC Guarantees and the TC Guarantees are fair and reasonable and are in the interests of the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The applicable percentage ratios of the SBC Transactions (based on the maximum commitments of the Company under the JV Agreements and the SBC Guarantees) are more than 25% but less than 100% and thus constitute major transactions of the Company. The TC Transactions, being financial assistance by the Company and not being subject to any monetary cap, also constitutes a major transaction of the Company. Accordingly, the SBC Transactions and TC Transactions are subject to reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval of the SBC Transactions and the TC Transactions may be given by way of written Shareholders' approval in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the SBC Transactions and the TC Transactions; and (2) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company giving the right to attend and vote at that general meeting to approve the SBC Transactions and the TC Transactions.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the SBC Transactions and the TC Transactions.

Written approval of the SBC Transactions and the TC Transactions has been obtained from the Majority Shareholder who holds 2,600,000,000 Shares, representing approximately 65.13% of the total issued share capital of the Company as at the date of this announcement. Pursuant to Rule 14.44 of the Listing Rules, the written approval of the Majority Shareholder is accepted in lieu of holding a general meeting for the approval of the SBC Transactions and the TC Transactions.

Reference is made to the announcement dated 20 November 2015 made by the Company under Rule 3.7 of the Takeovers Code. For the purposes of Rule 4 of the Takeovers Code, having obtained written consent from the third party referred to in that announcement in connection with the SBC Transactions and the TC Transactions, the Company has applied for and the Executive has granted a waiver from the general requirement to obtain shareholders' approval under Rule 4 of the Takeovers Code.

A circular containing, amongst other things, the information required under the Listing Rules in relation to the SBC Transactions and the TC Transactions will be despatched to the Shareholders in compliance with the Listing Rules.

In light of the expected time required for relevant information to be prepared for inclusion in the circular, the Company currently expects to despatch to the Shareholders a circular in relation to the SBC Transactions and the TC Transactions on or before 1 February 2016. If the Company is not able to despatch the circular within such period due to the time required to prepare and finalise the relevant information for inclusion in the circular under the Listing Rules, the Company will make a further announcement of any expected delay in despatch of the circular in due course.

GENERAL INFORMATION ON THE COMPANY, DYNAGAS, CLNG, YAMAL AND THE SHIPBUILDERS

The Company is principally engaged in dry bulk shipping, container shipping, vessel time chartering and cargo voyage chartering businesses.

The business scope of Dynagas is owning and operating high specification and versatile LNG carriers that are employed on multi-year contracts with international energy companies.

The business scope of CLNG is planning, coordinating and arranging investments and management works for LNG transportation projects in China.

The business scope of Yamal is trading of LNG.

The business scope of the Shipbuilders, Daewoo and DY Destiny Limited, is shipbuilding and the repair of ships.

DEFINITIONS

Unless otherwise stated, the terms in this announcement have the following meanings:

“Board”	the board of Directors
“CLNG”	China LNG Shipping (Holdings) Limited, a company incorporated in Hong Kong with limited liability
“Company”	Sinotrans Shipping Limited (中外運航運有限公司), a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Stock Exchange
“Daewoo”	Daewoo Shipbuilding & Marine Engineering Co., Ltd., a company incorporated in the Republic of Korea with Limited liability
“Directors”	directors of the Company
“Dynagas”	Dynagas Holding Ltd, a company incorporated in the Republic of the Marshall Islands with limited liability
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“JV Agreements”	the five joint venture agreements dated 21 December 2015 entered into between (1) the Company; (2) Sinotrans LNG; (3) Dynagas; (4) CLNG; and (5) each of the JV Companies, in relation to, among other things, the operation of each of the five JV Companies
“JV Companies”	Artic LNG 1 Ltd., Artic LNG 2 Ltd., Artic LNG 3 Ltd., Artic LNG 4 Ltd. and Artic LNG 5 Ltd., each of which is incorporated in the Republic of the Marshall Islands (and to be re-domiciled in Cyprus) with limited liability, and owned as to 49% by Dynagas, 25.5% by CLNG and 25.5% by the Group upon completion of the JV Agreements
“JV Completion”	completion of the JV Agreements
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LNG”	liquefied natural gas
“Majority Shareholder”	Sinotrans Shipping (Holdings) Limited, a company incorporated in the British Virgin Islands with limited liability, holding approximately 65.13% of the total issued share capital of the Company as at the date of this announcement
“Novation Agreements”	the five novation agreements all dated 30 July 2015 made between Yamal, the Shipbuilders, DY Shipping Limited and each of the JV Companies in respect of the Shipbuilding Contracts
“Novation Payment”	the aggregate amount of US\$ 158,765,915 payable by the JV Companies to Yamal pursuant to the Novation Agreements and the Novation Payment Letters, US\$39,691,478.75 of which was paid by the JV Companies and received by Yamal
“Novation Payment Letters”	the five novation letters all dated 21 December 2015 and entered into between Sinotrans LNG, CLNG, Dynagas, Yamal and each of the JV Companies, in relation to, among other things, the payment of the Novation Payment and the guarantee of the payment thereof by each of the JV Companies
“Original Dynagas Guarantees to Daewoo”	the five deeds of corporate guarantee all dated 12 August 2015 and executed by Dynagas in favour of Daewoo in connection with the obligations of each of the five JV Companies under each of the Shipbuilding Contracts

“Original Dynagas Guarantees to Yamal”	the five deeds of owner’s guarantee all dated 12 August 2015 and executed by Dynagas in favour of Yamal in connection with the obligations of each of the five JV Companies, inter alia, under each of the Time Charters
“SBC Guarantees”	the five deeds of corporate guarantee all dated 21 December 2015 and executed by Sinotrans LNG in favour of Daewoo in connection with the obligations of each of the JV Companies under each of the Shipbuilding Contracts
“SBC Transactions”	the transactions constituted by the JV Agreements, the Novation Payment Letters, the Shareholder Loan Novation Agreements and the SBC Guarantees
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	the registered holder(s) of the Shares
“Shareholder Loan Novation Agreements”	the five shareholder debt novation agreements all dated 21 December 2015 entered into between Dynagas, Sinotrans LNG, CLNG and each of the JV Companies in respect of the assignment of the shareholder’s loan previously advanced to the JV Companies by Dynagas in accordance with the shareholders’ interest in the JV Companies
“Shipbuilders”	Daewoo and DY Destiny Limited, a company incorporated in the Republic of the Marshall Islands with Limited liability
“Shipbuilding Contracts”	the five shipbuilding contracts all dated 29 December 2014 entered into between the Yamal (as purchaser), Daewoo and DY Shipping Limited (as shipbuilders), as novated to each of the JV Companies (as purchaser) by Yamal and to DY Destiny Limited (as a shipbuilder) by DY Shipping Limited pursuant to the Novation Agreements
“Sinotrans LNG”	Sinotrans Shipping LNG Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“TC Guarantees”	the five deeds of owner’s guarantee all dated 21 December 2015 and executed by Sinotrans LNG in favour of Yamal respectively in connection with the obligations of each of the JV Companies, inter alia, under each of the Time Charters

“TC Transactions”	the transactions constituted by the TC Guarantees
“Time Charters”	the five time charter agreements all dated 12 August 2015 in respect of the Vessels made between each of the JV Companies as owner and Yamal as a time charterer
“US\$”	the lawful currency of the United States of America
“Vessel 1”	an Arc 7 172,410m ³ ice breaking LNG vessel to be constructed which will be acquired by Artic LNG 1 Ltd.
“Vessel 2”	an Arc 7 172,410m ³ ice breaking LNG vessel to be constructed which will be acquired by Artic LNG 2 Ltd.
“Vessel 3”	an Arc 7 172,410m ³ ice breaking LNG vessel to be constructed which will be acquired by Artic LNG 3 Ltd.
“Vessel 4”	an Arc 7 172,410m ³ ice breaking LNG vessel to be constructed which will be acquired by Artic LNG 4 Ltd.
“Vessel 5”	an Arc 7 172,410m ³ ice breaking LNG vessel to be constructed which will be acquired by Artic LNG 5 Ltd.
“Vessels”	Vessel 1, Vessel 2, Vessel 3, Vessel 4 and Vessel 5 which will be acquired by each of the JV Companies respectively
“Yamal”	YAMAL Trade Pte. Ltd., a company incorporated in the Republic of Singapore with limited liability, who was the original party to the Shipbuilding Contracts, and is the charterer pursuant to the Time Charters

Unless otherwise specified and for illustration purpose only, the conversion of US\$ into HK\$ is based on the exchange rate of US\$1.00 = HK\$7.8. Such conversion should not be construed as a representation that the currency could actually be converted into HK\$ at that rate or at all.

By Order of the Board
Sinotrans Shipping Limited
Li Hua
Executive Director

Hong Kong, 21 December 2015

As at the date of this announcement, the Executive Directors are Mr. Li Hua and Ms. Feng Guoying; the Non-Executive Directors are Mr. Li Zhen (Chairman) and Mr. Tian Zhongshan; and the Independent Non-Executive Directors are Mr. Tsang Hing Lun, Mr. Lee Peter Yip Wah and Mr. Zhou Qifang.