



JINHUI SHIPPING AND TRANSPORTATION LIMITED

JIN - TERMINATION OF AN AGREEMENT

Reference is made to the announcement of Jinhui Shipping and Transportation Limited (the "Company") dated 19 May 2008, where Jinning Marine Inc. ("Jinning"), a wholly-owned subsidiary of the Company, entered into a construction and sale contract (the "Contract") with Sumitomo Corporation (the "Contractor") on 19 May 2008 to acquire a Supramax newbuilding at a purchase price of JPY5,100,000,000 (the "Acquisition").

Pursuant to the Contract dated 19 May 2008, the Contractor had agreed to procure a designated shipbuilder, Oshima Shipbuilding Co., Ltd. (the "Builder"), to build, launch, equip and complete at the Builder's shipyard in Japan and to sell and deliver a deadweight 59,760 metric tons type bulk carrier (the "Vessel") to Jinning, and Jinning had agreed to purchase and take delivery of the Vessel from the Contractor.

The unprecedented global financial turmoil has drastically distorted the balance in the dry bulk sector. The risk-return profile of completing the Contract has changed due to the imbalance between the supply and demand for dry bulk carriers and the uncertainty over the global economic recovery especially in terms of the growth in dry seaborne trade volume. The management has therefore reviewed the capital expenditure plan with a cautious and conservative mindset. Jinning has reached an agreement with the Contractor on 1 December 2010 to cancel the Contract in order to reduce outstanding capital expenditure as well as future business risks.

As a result of the cancellation, partial installment of JPY510,000,000 paid by Jinning to the Contractor shall be forfeited and the Contract shall be terminated accordingly. The Group does not expect significant financial impact due to the cancellation of the Contract.

The Group's principal activities include international ship chartering and ship owning. The Directors believe that the operation of the Group would not be adversely affected by the termination of the Acquisition and would continuously review the prevailing market conditions of the shipping industry and monitor and adjust the Group's fleet size as appropriate. The Group currently owns twenty seven modern grabs fitted Supramaxes, two modern Post-Panamax, one modern Panamax and one Handymax. After the termination of the Acquisition and taking into account all existing commitments to acquire and dispose of other vessels as announced by the Company previously, the Group will have additional seven newly built grabs fitted Supramaxes, one newly built Panamax and one newly built Handysize for delivery going forward, where five of which will be delivered in 2011, three in 2012 and one in 2013.

By Order of the Board
Ng Kam Wah Thomas
Managing Director

2 December 2010