



## 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 25 July 2008, where Jinying Marine Inc. ("Jinying"), a wholly-owned subsidiary of the Company, entered into a memorandum of agreement (the "Agreement") with Xing Long Maritime S.A. (the "Vendor") on 25 July 2008 to acquire a Supramax newbuilding at a purchase price of JPY5,350,000,000 (the "Acquisition").

Pursuant to the Agreement dated 25 July 2008, the Vendor had agreed to sell and deliver a deadweight 61,000 metric tons type bulk carrier (the "Vessel") to Jinying, and Jinying had agreed to purchase and take delivery of the Vessel from the Vendor.

The unprecedented global financial turmoil has drastically distorted the balance in the dry bulk sector. The risk-return profile of completing the Agreement 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. Jinying has reached an agreement with the Vendor on 4 December 2010 to cancel the Agreement in order to reduce outstanding capital expenditure as well as future business risks.

As a result of the cancellation, partial installment of JPY535,000,000 paid by Jinying to the Vendor shall be forfeited and the Agreement shall be terminated accordingly. The Group does not expect significant financial impact due to the cancellation of the Agreement.

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 six newly built grabs fitted Supramaxes, one newly built Panamax and one newly built Handysize for delivery going forward, where four 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*

6 December 2010