



JINHUI SHIPPING AND TRANSPORTATION LIMITED

JIN - PROFIT WARNING ANNOUNCEMENT AND UPDATE ON COMMERCIAL DISPUTES

This announcement is made by the board of directors (the "Board") of **Jinhui Shipping and Transportation Limited** (the "Company" or "Jinhui Shipping") for information only.

PROFIT WARNING ANNOUNCEMENT

The Board wishes to inform the shareholders of the Company (the "Shareholders") and potential investors that, based on a preliminary review of the unaudited consolidated management accounts, the Company is expected to record a consolidated net loss for the nine months ended 30 September 2014 as compared to a consolidated net profit for the nine months ended 30 September 2013.

Dry bulk shipping market sentiment remains challenged for the third quarter of 2014 in times of geopolitical turbulences in different regions. Economic growth momentum in China has shown a notable deceleration in past few months and caused ripple effect on dry bulk commodities demand. The expected recovery of dry bulk shipping market has not yet materialized. Ample availability of shipping finance in the past months encouraged an unanticipated increase on the supply side.

Jinhui Shipping expected to record considerable consolidated net loss for the third quarter and for the nine-month period of 2014 while consolidated net profit for the corresponding quarter and period were reported in 2013. The expected consolidated net loss for the third quarter and for the nine-month period of 2014 were primarily attributable to the reduced hire and freight revenue due to substantial exposure to spot freight market, coupled with unrealized loss on equity securities as most Asian stock markets fell at end of September 2014. Based on the preliminary unaudited consolidated management accounts, the expected consolidated net loss for the third quarter and for the nine-month period of 2014 would be within the range of US\$14 million and US\$19 million, including unrealized loss on equity securities of approximately US\$4 million for both the third quarter and for the nine-month period of 2014.

The management will closely monitor all factors that may affect the long term global freight market fundamentals and will cautiously adjust the strategy according to management's expectation of the long term outlook of the dry bulk shipping market.

The information contained in this announcement is only based on the preliminary review of the unaudited consolidated management accounts and estimation made by the Company's finance department, which have not been reviewed or audited by the auditor of the Company. Further details of the financial information of the Company will be disclosed in its 2014 third quarter and nine-month results announcement in late November 2014. **Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

UPDATE ON COMMERCIAL DISPUTES

Commercial disputes with Grand China Logistics Holding (Group) Company Limited

Two of Jinhui Shipping's wholly-owned subsidiaries have ongoing commercial disputes with Grand China Logistics Holding (Group) Company Limited ("GCL"), a group company of the HNA Group Company Limited ("HNA Group"). **To date, GCL has refused to respect arbitration awards and the spirit of contracts.**

In November 2013, these two Jinhui Shipping's wholly-owned subsidiaries were awarded US\$11 million and US\$18 million under two London Arbitration Awards in respect of two vessels which were chartered to GCL a number of years back, with GCL failing to perform its contractual obligations according to the legally binding contracts.

Permission to appeal one of these awards was subsequently denied by the English Courts in July 2014, and GCL did not challenge the other remaining London Arbitration Award.

The vast majority of sums awards under the two final London Arbitration Awards, including interest and costs, remains unpaid despite repeated requests for payment.

Jinhui Shipping has been exercising high degree of patience and tolerance towards this commercial dispute. Unfortunately, Jinhui Shipping has been extremely disappointed with **GCL repeatedly failing or extensively delaying to honour its promises to pay under the charters and awards using various reasons and excuses**, despite a HNA senior official having vowed that the HNA Group respects the law and will abide by Court decisions when it comes to commercial disputes (reported in Tradewinds in May 2013).

Jinhui Shipping's subsidiaries have attached certain assets of GCL as security from the appropriate European Court in respect of their claims and enforcement action is underway. Jinhui Shipping will continue to exercise its best efforts to cause GCL to fulfil its obligation under the charters and arbitration awards, a financial obligation and legal responsibility which GCL has been evading for a number of years.

Background of GCL

GCL is a company incorporated and registered in Shanghai, China and was a shipping company within complex HNA Group. GCL was one of the three pillar industries of HNA Group.

HNA Group is now a leading China based conglomerate with substantial interests in tourism, transportation, financial services, real estate, infrastructure and logistics. Based in Haikou and Beijing, China with Mr. Chen Feng being the HNA Group's legal representative. HNA Group has a diverse range of investments and assets, as well as the enterprises under the controlling or participating shares including Oceanus International Investment AS, Hainan Airlines, Hong Kong Airlines, Hong Kong Express Airways, and Hong Kong Aviation Capital.

According to HNA Group's official website, HNA Group's vision is to create a world-class enterprise and brand, and the group's philosophy is **apparently integrity, performance and innovation**.

Commercial dispute with Parakou Shipping Pte Limited

Since the collapse of shipping markets in Q4 2008, one of Jinhui Shipping's wholly-owned subsidiaries was involved in a protracted and well publicised dispute with Parakou Shipping Pte Limited ("Parakou") – a Singapore based company which, at the time when a charterparty was consummated into in mid-2008 prior to the collapse of the shipping markets, was controlled by Hong Kong based shipowner Mr. Liu Cheng Chan (also known as Mr. C.C. Liu).

The dispute arose when Parakou refused to take delivery of the relevant Jinhui Shipping's vessel in early 2009. Not long after, a subsidiary of Jinhui Shipping arrested a vessel in the fleet of Hong Kong based Parakou Shipping Limited led by Mr. C.C. Liu in South Africa. The Owner of that vessel and Parakou gave evidence in the South African Court that it had "restructured" in late 2008 by **selling all its assets and passing control of the company from Mr. C.C. Liu to his son Mr. Por Liu**, as a result of which the arrest was set aside.

Jinhui Shipping's subsidiary obtained substantial London Arbitration Awards in its favour against Parakou – totalling in excess of US\$40 million – which remain unpaid. Parakou then went into voluntary liquidation. The liquidators of Parakou have commenced proceedings this year against Mr. C.C. Liu, Mr. Por Liu and other related Parakou's entities for breaches of fiduciary duty and for the recovery of losses caused to Parakou. The matter is now pending before the High Court of Singapore.

Jinhui Shipping will continue to seek all legal means to recover the amount under the London Arbitration Awards and keep our shareholders informed should there be any further developments in due course.

By Order of the Board

Ng Siu Fai

Chairman

4 November 2014