



JINHUI SHIPPING AND TRANSPORTATION LIMITED

JIN – DEED OF NOVATION

Reference is made to the announcement of Jinhui Shipping and Transportation Limited (the "Company") dated 10 April 2014 (the "Announcement"). Unless otherwise defined herein, terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Announcement stated that the Purchaser, a wholly-owned subsidiary of the Company, had entered into a construction and sale contract with the Contractor on 10 April 2014 for the acquisition of a deadweight 60,000 metric tons type single screw diesel propelled bulk carrier (the "Vessel") at a contract price of US\$29,100,000 (the "Contract").

On 28 May 2015, the Contractor, the Purchaser and Zanzibar Naviera S.A. (the "Incoming Party"), a company incorporated in the Republic of Panama, had entered into a deed of novation (the "Deed of Novation"). Upon signing the Deed of Novation, the Contractor and the Purchaser shall release each other from all future obligations under the Contract to the following effect:

- the Purchaser agrees to transfer its rights and obligations under the Contract to the Incoming Party; and
- the Incoming Party shall be entitled to all the rights and benefits of the Purchaser under the Contract and also agrees to be liable for all future obligations of the Purchaser under the Contract; and
- the Purchaser agrees to the forfeiture of US\$2,910,000 already paid under the Contract; and
- the Contractor agrees to novate the Purchaser's rights and obligations under the Contract to the Incoming Party under the terms of the Deed of Novation with effect from 28 May 2015.

The Directors believe that the financial position and operations of the Group will not be adversely affected by entering into the Deed of Novation and will have the benefit of reducing future capital expenditure during an extremely challenging operating environment.

The Company will make appropriate adjustments to its consolidated financial statements to reflect the forfeiture of US\$2,910,000 already paid under the Contract, which is recorded as "Vessel under construction" in the consolidated financial statements of the Company.

The Group's principal activities include international ship chartering and ship owning. The Group currently owns thirty six vessels which include two modern Post-Panamaxes, two modern Panamaxs, thirty modern grabs fitted Supramaxes, one Handymax and one Handysize.

By Order of the Board

Ng Kam Wah Thomas

Managing Director

28 May 2015