



## JINHUI SHIPPING AND TRANSPORTATION LIMITED

### JIN - PROFIT WARNING ANNOUNCEMENT

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

The Board wishes to inform the shareholders of the Company (the "Shareholders") and potential investors that, based on a preliminary assessment of the unaudited consolidated management accounts, the Company is expected to record a significant increase in consolidated net loss for the fourth quarter and year ended 31 December 2015 as compared to the corresponding quarter and period in 2014 due to an unprecedented challenging environment as well as impairment loss on assets.

Year 2015 was another tough year for dry bulk shipping market, with drastic confidence crisis in the final quarter stimulated by the reverse of the U.S. interest rate cycle marking the end of the quantitative easing era; the deeper than expected slowdown of the China's economic growth; ambiguous currency policies; and a meltdown in commodities prices from metals to oil all occurring in a synchronized manner. As a result, dry bulk shipping market is now experiencing the most challenging period unseen in the past three decades. At end of 2015, the management cautiously reviewed the fundamentals in dry bulk shipping market and considered the low freight rate environment shall persist for a longer time than previously expected and the timing of the rebalancing of demand and supply of tonnage is expected to be fluid, and unlikely to materialize in the near term.

Based on the preliminary review, it is considered that impairment indication of our fleet existed at end of 2015 and the long term intrinsic values of certain owned vessels are expected to be significantly less than the respective carrying amounts due to the tuning of expectation on the pace of recovery and the change of the long term fundamentals of the global economic and the dry bulk shipping industry outlook. This indicated that a substantial impairment loss on owned vessels is expected to be recognized at end of 2015. However, such impairment loss amount is yet to be ascertained.

The expected consolidated net loss for the fourth quarter ended 31 December 2015 would be largely attributable to the substantial impairment loss on certain owned vessels and the consolidated net loss for the year ended 31 December 2015 would be attributable to the combined effect of:

- (i) the impairment loss on certain owned vessels to be recognized at end of 2015;
- (ii) the weak spot freight market continued to dent the Group's hire and freight revenue; and

- (iii) the abrupt correction of global stock markets in late 2015 caused a net loss of approximately US\$19 million on the Group's investment portfolio which comprised of listed equity and debt securities. Such net loss included both realized loss on trading transactions and unrealized fair value loss on these securities instruments and would have a negative impact to the consolidated operating results of the Group for the year 2015.

The Company is still in the process of preparing and finalizing the financial results for the fourth quarter and the year ended 31 December 2015. Further details of the financial information of the Company will be disclosed in its fourth quarter report and 2015 preliminary annual results announcement in late February 2016.

The information contained in this announcement is only a preliminary assessment by the Board based on information currently available to the Company and the information has not been audited or reviewed by the Company's auditor. **Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board

**Ng Siu Fai**

*Chairman*

25 January 2016