



JINHUI SHIPPING AND TRANSPORTATION LIMITED

JIN - AGREEMENT SIGNED ACQUISITION OF A VESSEL

The board of directors (the "Board") of Jinhui Shipping and Transportation Limited (the "Company") announces that Huafeng Shipping Inc. ("the Purchaser"), a wholly-owned subsidiary of the Company, entered into a construction and sale contract (the "Contract") on 11 July 2008 to acquire a Supramax newbuilding at a purchase price of US\$46,500,000 (the "Acquisition").

THE CONTRACT

The Acquisition

Pursuant to the Contract entered into between the Purchaser and STX (Dalian) Shipbuilding Co., Ltd. (the "Builder") on 11 July 2008, the Builder has agreed to design, build, launch, equip and complete a deadweight 57,700 metric tons type bulk carrier (the "Vessel") at the Builder's shipyard in Dalian, China and to sell and deliver the Vessel to the Purchaser, and the Purchaser has agreed to purchase and take delivery of the Vessel from the Builder. The Vessel is proposed to be used for chartering out to gain operating income by the Purchaser after delivery.

To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Builder is an independent third party not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates.

Consideration

Subject to certain provisions for reduction to the purchase price of the Vessel contained in the Contract relating to, amongst other things, delay in delivery of the Vessel, guaranteed speed deficiency, guaranteed fuel consumption being exceeded or guaranteed deadweight deficiency, the purchase price of the Vessel is US\$46,500,000 and is payable by the Purchaser as follows:

- (1) the first installment in the sum of US\$9,300,000 shall become due and payable within five banking days after receipt of a refund guarantee which covers all installments before delivery of the Vessel and which is expected to be received on or around 28 July 2008;
- (2) the second installment in the sum of US\$9,300,000 shall become due and payable around July 2009;
- (3) the third installment in the sum of US\$9,300,000 shall become due and payable around October 2010;
- (4) the fourth installment in the sum of US\$9,300,000 shall become due and payable around January 2011; and
- (5) the last installment in the sum of US\$9,300,000 shall become due and payable upon delivery of the Vessel on or before 30 June 2011.

The purchase price for the Vessel will be payable by cash in United States Dollars. It is currently expected that the purchase price will be funded by bank financing and internal resources of the Company and its subsidiaries (the "Group"). The purchase price for the Vessel was determined with reference to current market values of similar type of vessels and on the basis of arm's length negotiations.

Delivery

The Contract provides for the delivery of the Vessel on or before 30 June 2011 to the Purchaser in China. Pursuant to the terms of the Contract, if there is any delay in delivery of the Vessel which continues for a period of 180 days from the thirty-first day after the agreed delivery date, then after such period has expired, the Purchaser may at its option rescind the Contract. The Builder shall thereupon promptly refund to the Purchaser in United States Dollars the full amount of all sums received by the Builder together with interest accrued thereon at an agreed rate from the date of receipt by the Builder of such amount to the date of full payment to the Purchaser of such amount.

Undertaking by the Builder

Pursuant to the Contract, the Builder shall undertake to remedy the Purchaser free of charge for any defects in the Vessel which are due to defective material, construction miscalculation and/or poor workmanship on the part of the Builder and/or its subcontractors within a period of twelve months after the date of delivery of the Vessel.

Guarantee by the Company

The Company has undertaken that within ten days after receipt of a refund guarantee which covers all installments before delivery of the Vessel and which is expected to be received on or around 28 July 2008, the Company will execute a guarantee in favour of the Builder pursuant to which the Company agrees to guarantee the full and punctual payment of each installment of the Vessel by the Purchaser in accordance with the terms of the Contract.

A refund guarantee will be issued by the Builder's bank in favour of the Purchaser whereby the Builder's bank will guarantee the refund of all installments before delivery of the Vessel plus interest to the Purchaser if the delivery of the Vessel is not effected according to the agreed date of delivery.

REASONS FOR THE ACQUISITION

The Group's principal activities include international ship chartering and ship owning. The Acquisition will enable the Group to continuously maintain a young and modern owned fleet of vessels to serve the growing needs of our customers. The Group currently owns one modern Capesize, one modern Panamax and seventeen modern grabs fitted Supramaxes including one Supramax which will be disposed by the Group later in 2008 as announced by the Company on 11 April 2008. Taking into account all existing commitments to acquire and dispose of other vessels as announced by the Company previously, the Group will have additional twenty newly built grabs fitted Supramaxes, two newly built Post-Panamaxes, two newly built Panamaxes, one second hand Handymax and one newly built Handysize for delivery going forward, where three of which will be delivered in 2008, seven in 2009, seven in 2010, five in 2011, three in 2012 and one in 2013.

The terms and conditions of the Contract have been agreed on normal commercial terms following arm's length negotiations. The Board considers such terms and conditions are fair and reasonable and in the best interests of the Company and its shareholders as a whole. The Company believes it is an opportune moment during recent market situations to further expand its fleet of vessels in order to increase operating income for the Group.

By Order of the Board

Ng Kam Wah Thomas

Managing Director

11 July 2008