JINHUI HOLDINGS COMPANY LIMITED

金輝集團有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code : 137

OVERSEAS REGULATORY ANNOUNCEMENT

SECOND QUARTER AND HALF YEARLY REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2011 OF JINHUI SHIPPING AND TRANSPORTATION LIMITED

(This overseas regulatory announcement is made by Jinhui Holdings Company Limited in compliance with Rule 13.09(1) and 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)

Please refer to the attached announcement released on 30 August 2011 through the Oslo Stock Exchange by Jinhui Shipping and Transportation Limited ("Jinhui Shipping"), an approximately 54.77% owned subsidiary of Jinhui Holdings Company Limited, in accordance with the regulations of the Oslo Stock Exchange.

The principal accounting policies and methods of computation used in the preparation of the attached unaudited consolidated results of Jinhui Shipping and its subsidiaries are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

By Order of the Board
Jinhui Holdings Company Limited
Ng Siu Fai
Chairman

Hong Kong, 30 August 2011

As at date of this announcement, the Executive Directors of Jinhui Holdings Company Limited are Ng Siu Fai, Ng Kam Wah Thomas, Ng Ki Hung Frankie and Ho Suk Lin; and the Independent Non-executive Directors of Jinhui Holdings Company Limited are Cui Jianhua, Tsui Che Yin Frank and William Yau.

JINHUI SHIPPING

JINHUI SHIPPING
AND TRANSPORTATION LIMITED

JINHUI

SECOND QUARTER AND HALF YEARLY REPORT 2011

HIGHLIGHTS FOR THE FIRST HALF OF 2011

- Revenue for the period: US$170 million
- Net profit for the period: US$55 million
- Basic earnings per share: US$0.654
- Gearing ratio as at 30 June 2011: 43%

HIGHLIGHTS FOR THE SECOND QUARTER OF 2011

- Revenue for the quarter: US$83 million
- Net profit for the quarter: US$19 million
- Basic earnings per share: US$0.229

The Board of **Jinhui Shipping and Transportation Limited** (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the quarter and six months ended 30 June 2011.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**3 months ended 30/6/2011 (Unaudited) *US$'000***	3 months ended 30/6/2010 (Unaudited) *US$'000*	**6 months ended 30/6/2011 (Unaudited) *US$'000***	6 months ended 30/6/2010 (Unaudited) *US$'000*	Year ended 31/12/2010 (Audited) *US$'000*
Revenue	*2*	**83,012**	89,902	**169,987**	165,527	348,276
Other operating income	*3*	**8,296**	1,557	**12,934**	2,357	33,077
Interest income		**809**	206	**1,666**	992	2,122
Shipping related expenses	*4*	**(53,913)**	(32,340)	**(92,135)**	(61,354)	(131,037)
Staff costs		**(1,468)**	(1,361)	**(2,887)**	(2,575)	(24,631)
Impairment loss on owned vessels and vessels under construction		**-**	-	**-**	-	(74,033)
Other operating expenses	*5*	**(2,820)**	(3,656)	**(6,414)**	(5,839)	(18,251)
Operating profit before depreciation and amortization		**33,916**	54,308	**83,151**	99,108	135,523
Depreciation and amortization		**(12,887)**	(10,709)	**(24,907)**	(20,243)	(43,154)
Operating profit		**21,029**	43,599	**58,244**	78,865	92,369
Finance costs		**(1,753)**	(1,364)	**(3,293)**	(2,445)	(5,538)
Profit before taxation		**19,276**	42,235	**54,951**	76,420	86,831
Taxation	*6*	**-**	-	**-**	-	-
Net profit for the period / year		**19,276**	42,235	**54,951**	76,420	86,831
Other comprehensive income						
Change in fair value of available-for-sale financial assets		**-**	-	**-**	-	13
Total comprehensive income for the period / year attributable to shareholders of the Company		**19,276**	42,235	**54,951**	76,420	86,844
Earnings per share	*7*					
- Basic and diluted		**US$0.229**	US$0.503	**US$0.654**	US$0.909	US$1.033

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30/6/2011 (Unaudited) US$'000	30/6/2010 (Unaudited) US$'000	31/12/2010 (Audited) US$'000
ASSETS				
Non-current assets				
Property, plant and equipment		**1,182,869**	1,092,272	1,073,705
Available-for-sale financial assets		**372**	359	372
		1,183,241	1,092,631	1,074,077
Current assets				
Inventories		**54**	45	418
Trade and other receivables		**34,104**	30,896	33,127
Financial assets at fair value through profit or loss		**71,665**	12,845	59,748
Pledged deposits		**11,386**	67,418	12,328
Bank balances and cash	9	**176,368**	150,220	205,174
		293,577	261,424	310,795
Total assets		**1,476,818**	1,354,055	1,384,872
EQUITY AND LIABILITIES				
Capital and reserves				
Issued capital		**4,202**	4,202	4,202
Reserves		**807,076**	741,701	752,125
Total equity		**811,278**	745,903	756,327
Non-current liabilities				
Advance receipt		**-**	741	-
Secured bank loans		**529,619**	479,319	498,619
		529,619	480,060	498,619
Current liabilities				
Trade and other payables		**71,426**	75,470	72,878
Secured bank loans		**64,495**	52,622	57,048
		135,921	128,092	129,926
Total equity and liabilities		**1,476,818**	1,354,055	1,384,872

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital (Unaudited)	Share premium (Unaudited)	Capital redemption reserve (Unaudited)	Contributed surplus (Unaudited)	Employee share-based compensation reserve (Unaudited)	Reserve for available-for-sale financial assets (Unaudited)	Retained profits (Unaudited)	Total equity (Unaudited)
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2010	4,202	72,087	719	16,297	4,758	12	571,408	669,483
Net profit and total comprehensive income for the period	-	-	-	-	-	-	76,420	76,420
At 30 June 2010	4,202	72,087	719	16,297	4,758	12	647,828	745,903
At 1 January 2011	4,202	72,087	719	16,297	4,758	25	658,239	756,327
Net profit and total comprehensive income for the period	-	-	-	-	-	-	54,951	54,951
At 30 June 2011	**4,202**	**72,087**	**719**	**16,297**	**4,758**	**25**	**713,190**	**811,278**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	**6 months ended 30/6/2011 (Unaudited) *US$'000***	6 months ended 30/6/2010 (Unaudited) *US$'000*	Year ended 31/12/2010 (Audited) *US$'000*
OPERATING ACTIVITIES				
Cash generated from operations		**66,911**	71,976	138,389
Interest paid		**(3,091)**	(2,356)	(5,457)
Net cash from operating activities		**63,820**	69,620	132,932
INVESTING ACTIVITIES				
Interest received		**1,600**	977	1,959
Decrease (Increase) in bank deposits with more than three months to maturity when placed		**10,000**	1,000	(14,000)
Dividend income received from listed equity investments		**233**	14	141
Dividend income received from unlisted investment		**-**	43	44
Purchase of property, plant and equipment		**(134,155)**	(135,250)	(223,867)
Proceeds from disposal of property, plant and equipment		**307**	78	411
Net cash used in investing activities		**(122,015)**	(133,138)	(235,312)
FINANCING ACTIVITIES				
New secured bank loans		**68,275**	113,200	163,780
Repayment of secured bank loans		**(29,828)**	(43,635)	(70,489)
Decrease (Increase) in pledged deposits		**942**	(1,448)	53,642
Net cash from financing activities		**39,389**	68,117	146,933
Net (decrease) increase in cash and cash equivalents		**(18,806)**	4,599	44,553
Cash and cash equivalents at the beginning of period / year		**190,174**	145,621	145,621
Cash and cash equivalents at the end of period / year	*9*	**171,368**	150,220	190,174

NOTES:

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and have been reviewed by our auditor, Grant Thornton Jingdu Tianhua. The accounting policies and basis of preparation adopted in these interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2010.

2. Revenue

The Group is principally engaged in the businesses of ship chartering and ship owning which are carried out internationally. Revenue represents chartering freight and hire income arising from the Group's owned and chartered-in vessels.

3. Other operating income

The other operating income for the period ended 30 June 2011 included an income of US$3,149,000 as compensation from a charterer for early redelivery of a chartered-in Capesize. There was no such compensation income recognized in 2010. In addition, as the bunker price has been continuously rising in 2011, there was an upsurge of gain on bunker price of US$2,087,000 for current period as compared to last corresponding period.

4. Shipping related expenses

The shipping related expenses for the period ended 30 June 2011 included a provision for loss on charter hire of US$17,809,000, being the expected economic benefits derived from two spot time-charter contracts to be expired in early 2012 less the unavoidable costs under two long term chartered-in contracts. There was no such provision recognized in last corresponding period.

5. Other operating expenses

The other operating expenses for the period ended 30 June 2011 included an impairment loss of US$1,690,000 on trade receivables due from certain charterers, including Korea Line Corporation which is currently under protective receivership. The Group is now pursuing legal actions against these charterers for the unpaid hire and damages and losses on early termination of the time-charter contracts.

6. Taxation

Taxation has not been provided as the Group has no assessable profit for all relevant periods / year.

7. Earnings per share

Basic and diluted earnings per share for the quarter ended 30 June 2011 are calculated on the net profit for the quarter of US$19,276,000 (30/6/2010: US$42,235,000) and the weighted average number of 84,045,341 (30/6/2010: 84,045,341) ordinary shares in issue during the quarter.

Basic and diluted earnings per share for the six months ended 30 June 2011 are calculated on the net profit for the period of US$54,951,000 (30/6/2010: US$76,420,000) and the weighted average number of 84,045,341 (30/6/2010: 84,045,341) ordinary shares in issue during the period.

Basic and diluted earnings per share for the year ended 31 December 2010 are calculated on the net profit for the year of US$86,831,000 and the weighted average number of 84,045,341 ordinary shares in issue during the year.

8. Interim dividend

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 30 June 2011 (30/6/2010: nil).

9. Bank balances and cash

	30/6/2011 (Unaudited) *US$'000*	30/6/2010 (Unaudited) *US$'000*	31/12/2010 (Audited) *US$'000*
Cash and cash equivalents for condensed consolidated statement of cash flows purpose	**171,368**	150,220	190,174
Bank deposits with more than three months to maturity when placed	**5,000**	-	15,000
	176,368	150,220	205,174

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INDEPENDENT REVIEW REPORT

To the Board of Directors of Jinhui Shipping and Transportation Limited

(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 2 to 7 which comprise the condensed consolidated statement of financial position of Jinhui Shipping and Transportation Limited as of 30 June 2011 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The directors are responsible for the preparation and presentation of this interim financial report in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

Our responsibility is to express a conclusion on this interim financial report based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report is not prepared, in all material respects, in accordance with International Accounting Standard 34 and Hong Kong Accounting Standard 34.

Grant Thornton Jingdu Tianhua

Grant Thornton Jingdu Tianhua
Certified Public Accountants
20th Floor, Sunning Plaza
10 Hysan Avenue, Causeway Bay
Hong Kong

30 August 2011

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 30 June 2011.

REVIEW OF OPERATIONS

Second Quarter of 2011. The unceasing new tonnages delivery continues to be the critical factor of the falling freight rates in the second quarter of 2011. The Baltic Dry Index ("BDI") fell from 1,530 points on 1 April 2011 to the lowest 1,250 points on 26 April 2011 and closed at 1,413 points on 30 June 2011.

The Group recorded revenue of US$83,012,000 and net profit of US$19,276,000 for the second quarter of 2011, comparing to US$89,902,000 and US$42,235,000 for the last corresponding quarter. The drop in net profit was principally due to the recognition of provision for loss on charter hire of US$15,009,000 in the second quarter. Basic earnings per share was US$0.229 for the second quarter as compared to US$0.503 for the last corresponding quarter.

The Group's revenue for the second quarter dropped 8% from US$89,902,000 in 2010 to US$83,012,000 in 2011. The decreased revenue was mainly due to the early termination of two Capesize charter contracts in March and June 2011 respectively. Consequentially, the Group took over the vessels and re-entered into short term charter contracts at spot market at fairly low rates as compared to the original contract rates earned in last corresponding quarter. Despite the increase in the average number of owned and chartered-in vessels in operations from thirty two vessels during the second quarter of 2010 to thirty eight vessels in current quarter, the increased revenue from the expanded owned fleet was offset by lower freight rates earned from new charter contracts upon expiration or termination of high earning charter contracts.

The average daily time charter equivalent rates ("TCE") of the Group's fleet were as follows:

	2011 Q2	2010 Q2	**2011 1st half**	2010 1st half	2010
	US$	*US$*	***US$***	*US$*	*US$*
Capesize	**43,454**	83,858	**61,294**	84,694	83,678
Post-Panamax / Panamax	**20,431**	33,417	**20,867**	33,444	28,982
Supramax / Handymax	**22,239**	26,442	**23,004**	25,405	25,131
In average	**23,078**	30,646	**24,722**	29,971	29,102

During the quarter, the Group received an income of US$3,149,000 as compensation from a charterer for early redelivery of a chartered-in Capesize prior to expiry of the charter period and was included in other operating income. That chartered-in Capesize was subsequently chartered-out at operating loss. Together with another chartered-in Capesize redelivered from Korea Line Corporation (“KLC”) in March 2011 and subsequently chartered-out at operating loss, the Group recognized provision for loss on charter hire of US$15,009,000 during the quarter. The provision for loss on charter hire was calculated based on the expected economic benefits that derived from two spot chartered-out contracts less the unavoidable costs under two Capesizes’ long term chartered-in contracts. As a result, the Group’s shipping related expenses rose by 67% to US$53,913,000 for the second quarter of 2011 as compared to US$32,340,000 recognized in last corresponding quarter.

The increase in shipping related expenses was also attributable to the higher crew expenses due to the expansion of owned fleet and higher bunker expenses incurred by certain voyage charters engaged in current quarter. For the last corresponding quarter, there was no voyage charter and hence only trifling bunker expenses was incurred and included in shipping related expenses.

Due to the expansion of owned fleet and relatively high purchase price of recently delivered vessels, the Group’s depreciation and amortization increased by 20% to US$12,887,000 for current quarter. As at 30 June 2011, the Group had thirty four owned vessels as compared to twenty nine owned vessels as at 30 June 2010.

First Half of 2011. The first half of 2011 had been a tough period for dry bulk shipping market. At the beginning of the year, unfortunate natural disasters in Australia and Japan had disrupted dry bulk transportation activities in Asian region. The raw materials importing activities of China were slowing down apparently under the government’s efforts to rein the inflation and overheating economy. The ripple effect of the imminent collapse of Korea Line Corporation, a major Korean shipping company, began to spread across the shipping market. Increasing default events were seen in the market and a number of vessels were re-entered into the market due to the breaking of hire payment clause; those vessels were then chartered at depressed rates and intensified the overcapacity of dry bulk vessels. Whilst the sovereign debt issues of the United States and various European countries brought uncertainty of sustainability of global economy recovery, the dry bulk market became more vulnerable to the oversupply threats and depressing demand. The BDI plummeted from 1,773 points at the beginning of 2011 to the lowest 1,043 points on 4 February 2011 and closed at 1,413 points on 30 June 2011.

Revenue for the first half of 2011 increased slightly from US$165,527,000 in 2010 to US$169,987,000 in 2011 due to the expansion of the Group’s owned fleet. Yet, revenue contributed from expanded owned Supramax fleet was offset by the loss of two Capesize charter contracts upon early termination, including the long term time-charter contract with KLC.

Despite the Group received compensation income of US$3,149,000 from a charterer for early redelivery of a chartered-in Capesize, the operating results and net profit for the period were greatly impacted by the recognition of provision for loss on charter hire amounting to US$17,809,000 for the period. In addition, the Group had provided impairment loss of US$1,690,000 on trade receivables due from certain charterers, including KLC which is currently under protective receivership. The Group is now pursuing legal actions against these charterers for the unpaid hire and damages.

The Group’s finance costs for the first half of 2011 rose 35% to US$3,293,000 even though the prevailed market interest rate remained fairly low. The upsurge in finance costs was attributable to the increasing loans drawn for the recently delivered owned vessels coupled with the higher loan interest margin for new loan facilities committed in recent period.

FINANCIAL REVIEW

During the period ended 30 June 2011, upon financing of various vessel mortgage loans, and offset by cash used to partially finance the delivery of three additional vessels and installments paid for the newbuildings, the total of the Group’s equity and debt securities, bank balances and cash decreased to US$248,033,000 (31/12/2010: US$264,922,000) and bank borrowings increased to US$594,114,000 (31/12/2010: US$555,667,000) as at 30 June 2011.

The gearing ratio, as calculated on the basis of net debts (total interest-bearing debts net of equity and debt securities, bank balances and cash) over total equity, was 43% as at 30 June 2011 (31/12/2010: 38%). With cash, marketable equity and debt securities in hand as well as available credit facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

During the period ended 30 June 2011, capital expenditure on additions of the owned vessels and vessels under construction was US$133,107,000 (30/6/2010: US$133,932,000), and on other property, plant and equipment was US$1,048,000 (30/6/2010: US$1,320,000).

As at 30 June 2011, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately US$171,515,000 (31/12/2010: US$301,204,000), representing the Group’s outstanding capital expenditure commitments to acquire five (31/12/2010: nine) newbuildings at a total purchase price of approximately US$235,408,000 (31/12/2010: US$441,782,000).

The above capital expenditure commitments included a Supramax newbuilding at original cost of US$17,500,000 and JPY1,910,500,000, which was contracted to be disposed to a third party at a consideration of US$17,685,600 and JPY1,929,798,000 at its expected date of delivery in August 2012.

OTHER IMPORTANT EVENTS

Regarding the legal proceedings between the subsidiaries of the Company and Parakou Shipping Pte Limited (“Parakou”) in London and Hong Kong in relation to the non-performance of a charterparty as mentioned in the last published annual report, the followings are the updates of the legal proceedings:

The arbitral tribunal in London issued and published its First Arbitration Award in August 2010 ruling that there was a binding contract between Galsworthy Limited (“Galsworthy”), a subsidiary of the Company, and Parakou and that Parakou was in repudiatory breach of charterparty by refusing to take delivery of the vessel. The tribunal awarded that Galsworthy was entitled to receive US$2.7 million from Parakou as partial damage. Parakou did not appeal against the Award. On 18 March 2011, Parakou was entered into a voluntary winding up process in Singapore. The Second Arbitration Award was granted by the arbitral tribunal in May 2011 and Galsworthy was entitled to receive US$38.6 million together with interest and costs as legally recoverable damages flowing from Parakou's repudiatory breach of charterparty.

On the other hand, the legal proceeding filed by Parakou against the subsidiaries of the Company in Hong Kong was struck out in April 2011. In addition to the release of majority security money of US$42.9 million to the Group in November 2010, Mr. Justice REYES of the Court of First Instance of the High Court of Hong Kong further ordered a release of the remaining security money of US$1.5 million held in the High Court of Hong Kong in May 2011. Such security money had been received in June 2011 and the legal proceedings were completed.

As Parakou is now under voluntary winding up process, the management considers that the recoverability of the sum of awards of US$41.3 million together with interest and costs is rather uncertain, and such claim income will not be accounted for in the Group's financial statements as its recoverability remains to be extremely challenging. Notwithstanding the above, Galsworthy will continue to enforce the awards against Parakou and related individuals and parties.

One of the Group's chartered-in Capesizes was chartered to Korea Line Corporation ("KLC") under a five-year time-charter contract with expiry in 2014. During the period, KLC filed for protective receivership in Korea and received court approval from Seoul Central District Court on 15 February 2011. KLC had ceased payment of charter hire since February 2011 and submitted a notice of termination of time-charter contract to the Group in March 2011. Then, the Group filed a claim against KLC to Seoul Central District Court in March 2011 for the unpaid hire and damages and loss on early termination of the time-charter contract. An agreement has been reached in July 2011 in order to confirm liability and ascertain the nature and quantum of the claim which includes the loss for the damages for early termination of the time-charter contract in the amount of US$37.7 million. The terms of the agreement are subject to the approval of the Korean Court. KLC is in the process of applying for the approval.

FLEET

The Group's strategy is to maintain a young and modern fleet to serve the growing needs of our customers.

During the quarter, a newly built Supramax named as "Jin Hong" and a newly built Panamax named as "Jin Chao" were delivered to the Group.

As at 30 June 2011, the Group had thirty four owned vessels which included two modern Post-Panamaxes, two modern Panamaxes, twenty nine modern grabs fitted Supramaxes and one Handymax.

Apart from the owned vessels, the Group operated five chartered-in vessels which included two Capesizes, one Panamax and two Supramaxes as at 30 June 2011.

Subsequent to the quarter ended 30 June 2011, a newly built Supramax named as "Jin Feng" was delivered to the Group on 6 July 2011.

Fleet Details

The fleet details after the quarter ended 30 June 2011 and up to 29 August 2011 were as follows:

	Number of vessels						
	In operation			Newbuildings / New charters			
	Owned	Chartered	Subtotal	Owned [1]	Chartered	Subtotal	Total
Capesize Fleet							
As at 1 July 2011 and 29 August 2011	-	2	2	-	-	-	2
Post-Panamax Fleet							
As at 1 July 2011 and 29 August 2011	2	-	2	-	-	-	2
Panamax Fleet							
As at 1 July 2011	2	1	3	-	-	-	3
Expiry of charter	-	(1)	(1)	-	-	-	(1)
As at 29 August 2011	2	-	2	-	-	-	2
Supramax / Handymax Fleet							
As at 1 July 2011	30	2	32	4	-	4	36
Newbuilding delivery	1	-	1	(1)	-	(1)	-
As at 29 August 2011	31	2	33	3	-	3	36
Handysize Fleet							
As at 1 July 2011 and 29 August 2011	-	-	-	1	-	1	1
Total Fleet							
As at 29 August 2011	35	4	39	4	-	4	43

Note:

1 Includes four newbuildings ordered by the Group as at 29 August 2011, which we expected to take deliveries of two Supramaxes and one Handysize in 2012 and one Supramax in 2013.

According to the Company's best estimation, the activity of the Group's fleet as at 29 August 2011 was as follows:

Owned and Chartered-in Fleet – revenue covered:

		Unit	2011	2012
Capesize Fleet	Coverage	*%*	98	32
	Operating days covered	*Days*	717	236
	Daily TCE	*US$*	37,200	10,748
Post-Panamax / Panamax Fleet	Coverage	*%*	83	25
	Operating days covered	*Days*	1,267	366
	Daily TCE	*US$*	21,161	38,200
Supramax / Handymax Fleet	Coverage	*%*	89	37
	Operating days covered	*Days*	10,356	4,573
	Daily TCE	*US$*	22,560	27,520

Chartered-in Fleet – TCE cost:

		Unit	2011	2012
Capesize Fleet	Operating days	*Days*	730	732
	Daily TCE cost	*US$*	40,750	40,750
Panamax Fleet	Operating days	*Days*	183	N/A
	Daily TCE cost	*US$*	22,500	N/A
Supramax Fleet	Operating days	*Days*	730	457
	Daily TCE cost	*US$*	26,039	31,569

RISK FACTORS

This report may contain forward looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including the Company's management's examination of historical operating trends. Although the Company believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties which are difficult or impossible to predict and are beyond its control, the Company cannot give assurance that it will achieve or accomplish these expectations, beliefs or targets.

Key risk factors that could cause actual results to differ materially from those discussed in this report will include but not limited to the way world economies, currencies and interest rate environment may evolve going forward, general market conditions including fluctuations in charter rates and vessel values, counterparty risk, changes in demand in the dry bulk market, changes in operating expenses including bunker prices, crewing costs, drydocking and insurance costs, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents, piracy or political events, and other important factors described from time to time in the reports filed by the Company.

OUTLOOK

We have repeatedly voiced our expectation that 2011 will be a challenging year for our business. The freight market has been persistently weak throughout the year 2011 when China reduced its government stimulus package, stepped up its efforts to combat inflation, and cool down the domestic real estate market by restricting lending. The delivery of new vessels has further accelerated during the year, with an average of three newbuildings being delivered worldwide on a daily basis.

There is now no doubt in an imbalance of supply versus demand of vessels, in particular with regards to the larger size vessels due to their limited trading flexibility, high breakeven costs in the current operating environment, as well as a cannibalization of their market by the even larger, dedicated ore carriers. Lenders are also increasingly aware of the risks as well as dynamics of our industry and hence very cautious with providing new credit, translating to less second hand transactions in the market place. Scrapping of old tonnages has increased, but remained to be insufficient in terms of providing positive support to the freight market. The current global excess shipbuilding capacity remains to be a worry, with shipyards beginning to lower their price to attract orders for their own survival. Against such unfavorable industry backdrop, we believe this oversupply of tonnages will continue for some time, with the rebalancing of supply versus demand likely to take place later rather than sooner.

The outcome of Korea Line Corporation receivership remains to be unclear due to the lack of transparency and ambiguous handling of the situation by the Korean courts. We continue to monitor the situation very closely.

While most of us would agree that abiding to the spirit of contract is the most important business principle, it has been disappointing to experience delayed payments by some of our charterers over legally binding contracts in recent months. No restructuring or renegotiation of contract terms which will jeopardize and/or cause any reduction/disruption to our expected/contracted income stream has taken place as of the date of this announcement. We will continue to monitor this situation closely and will take strenuous legal and commercial actions as well as further steps in accordance to relevant regulatory provisions, to safeguard the Company's and its shareholders' interests.

We will continue to exercise caution in picking our counterparties, and evaluate them not just at the company level, but also in terms of their place of incorporation to avoid any potential sovereign risks.

We continue to see mounting uncertainty with respect to the global economic outlook, especially concerned with the worsening debt situation of the US and European economies which will derail their traditional consumption and investment pattern. Inflationary pressure continues to be a big risk given the relentless increase in money supply. Oversupply of vessels against a weakening demand in global seaborne trade remains to haunt our industry. We believe this uncertain and unsynchronized macro and industry backdrop will become increasingly fluid and complex going forward. We will therefore continue to remind ourselves of the rainy days and continue to run our business in a conservative manner.

As we see conflicting economic and industry indicators, we will continue to operate with a cautious and nimble mindset, maintain a first class modern fleet to better serve our customers, seek revenue stability by working with credible counterparties, and further strengthen our financial position with reduction of debt as our top priorities to ensure the long term success of the Company.

PUBLICATION OF FINANCIAL INFORMATION

This report is available on the website of the Company at www.jinhuiship.com and the NewsWeb of the Oslo Stock Exchange at www.newsweb.no.

By Order of the Board

Ng Siu Fai
Chairman

30 August 2011

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the half yearly report for the period from 1 January to 30 June 2011 has been prepared in accordance with applicable accounting standards and gives a true and fair view of the assets, liabilities, financial position and results of operations of the Group and that the half yearly report includes a fair review of the development and performance of the business and the position of the Group together with a description of the key principal risks and uncertainty factors that the Group faces.

30 August 2011

Ng Siu Fai
Chairman

Ng Kam Wah Thomas
Managing Director and Deputy Chairman

Ng Ki Hung Frankie
Executive Director

Ho Suk Lin Cathy
Executive Director

Tsui Che Yin Frank
Non-executive Director

William Yau
Non-executive Director

Ng Ham Tim
Non-executive Director

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