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

FOURTH QUARTER REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2010 AND
PRELIMINARY ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2010
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 25 February 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, 25 February 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

JINHUI SHIPPING AND TRANSPORTATION LIMITED

FOURTH QUARTER REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2010
AND
PRELIMINARY ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2010

Jinhui Shipping and Transportation Limited

HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2010
❖ Revenue for the year: US$348 million (2009: US$349 million)
❖ Net profit for the year: US$87 million (2009: US$154 million)
❖ Basic earnings per share: US$1.033 (2009: US$1.830)
❖ Gearing ratio as at 31 December 2010: 38%

HIGHLIGHTS FOR THE FOURTH QUARTER OF 2010
❖ Revenue for the quarter: US$93 million
❖ Net loss for the quarter: US$35 million
❖ Basic loss per share: US$0.414

The Board of **Jinhui Shipping and Transportation Limited** (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the quarter and year ended 31 December 2010.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (PRELIMINARY)

	Note	**3 months ended 31/12/2010 (Unaudited)**	3 months ended 31/12/2009 (Unaudited)	**Year ended 31/12/2010 (Unaudited)**	Year ended 31/12/2009 (Audited)	Year ended 31/12/2008 (Audited)
		US$'000	*US$'000*	***US$'000***	*US$'000*	*US$'000*
Revenue	*2*	**93,200**	82,680	**348,276**	349,340	475,148
Other operating income	*3*	**29,043**	7,266	**33,077**	53,076	13,887
Interest income		**863**	304	**2,122**	1,162	1,854
Shipping related expenses		**(37,230)**	(38,525)	**(131,037)**	(180,177)	(222,353)
Staff costs		**(20,784)**	(15,483)	**(24,631)**	(19,391)	(20,478)
Net gain on disposal of motor vessels		**-**	8,388	**-**	8,504	62,786
Impairment loss on owned vessels and vessels under construction	*4*	**(74,033)**	-	**(74,033)**	-	-
Other operating expenses	*5*	**(12,679)**	(1,822)	**(18,251)**	(16,992)	(24,964)
Operating (loss) profit before depreciation and amortization		**(21,620)**	42,808	**135,523**	195,522	285,880
Depreciation and amortization		**(11,657)**	(8,839)	**(43,154)**	(34,038)	(29,206)
Operating (loss) profit		**(33,277)**	33,969	**92,369**	161,484	256,674
Finance costs		**(1,503)**	(1,143)	**(5,538)**	(7,642)	(17,846)
(Loss) Profit before taxation		**(34,780)**	32,826	**86,831**	153,842	238,828
Taxation	*6*	**-**	-	**-**	-	-
Net (loss) profit for the period / year		**(34,780)**	32,826	**86,831**	153,842	238,828
Other comprehensive income						
Change in fair value of available-for-sale financial assets		**13**	44	**13**	44	(32)
Total comprehensive (loss) income for the period / year attributable to shareholders of the Company		**(34,767)**	32,870	**86,844**	153,886	238,796
(Loss) Earnings per share						
- Basic and diluted	*7*	**(US$0.414)**	US$0.391	**US$1.033**	US$1.830	US$2.842

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (PRELIMINARY)

	Note	**31/12/2010**	31/12/2009
		(Unaudited)	(Audited)
	Note	***US$'000***	*US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,073,705**	977,323
Available-for-sale financial assets		**372**	359
		1,074,077	977,682
Current assets			
Inventories		**418**	35
Trade and other receivables		**33,127**	30,378
Financial assets at fair value through profit or loss		**59,748**	11,530
Pledged deposits	*9*	**12,328**	65,970
Bank balances and cash	*10*	**205,174**	146,621
		310,795	254,534
Total assets		**1,384,872**	1,232,216
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital		**4,202**	4,202
Reserves		**752,125**	665,281
Total equity		**756,327**	669,483
Non-current liabilities			
Advance receipt		**-**	12,936
Secured bank loans		**498,619**	401,689
		498,619	414,625
Current liabilities			
Trade and other payables		**72,878**	87,421
Secured bank loans		**57,048**	60,687
		129,926	148,108
Total equity and liabilities		**1,384,872**	1,232,216

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (PRELIMINARY)

	Issued capital (Audited) US$'000	Share premium (Audited) US$'000	Capital redemption reserve (Audited) US$'000	Contributed surplus (Audited) US$'000	Employee share-based compensation reserve (Audited) US$'000	Reserve for available-for-sale financial assets (Audited) US$'000	Retained profits (Audited) US$'000	Total equity (Audited) US$'000
At 1 January 2009	4,202	72,087	719	16,297	4,758	(32)	417,566	515,597
Net profit for the year	-	-	-	-	-	-	153,842	153,842
Other comprehensive income for the year	-	-	-	-	-	44	-	44
Total comprehensive income for the year	-	-	-	-	-	44	153,842	153,886
At 31 December 2009	4,202	72,087	719	16,297	4,758	12	571,408	669,483

	(Unaudited) US$'000	(Unaudited) US$'000	(Unaudited) US$'000	(Unaudited) US$'000	(Unaudited) US$'000	(Unaudited) US$'000	(Unaudited) US$'000	(Unaudited) US$'000
At 1 January 2010	4,202	72,087	719	16,297	4,758	12	571,408	669,483
Net profit for the year	-	-	-	-	-	-	86,831	86,831
Other comprehensive income for the year	-	-	-	-	-	13	-	13
Total comprehensive income for the year	-	-	-	-	-	13	86,831	86,844
At 31 December 2010	**4,202**	**72,087**	**719**	**16,297**	**4,758**	**25**	**658,239**	**756,327**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (PRELIMINARY)

	Year ended 31/12/2010 (Unaudited) ***US$'000***	Year ended 31/12/2009 (Audited) *US$'000*
Net cash from operating activities	**132,932**	207,452
Net cash used in investing activities	**(235,312)**	(100,101)
Net cash from (used in) financing activities	**146,933**	(38,175)
Net increase in cash and cash equivalents	**44,553**	69,176
Cash and cash equivalents at the beginning of year	**145,621**	76,445
Cash and cash equivalents at the end of year	**190,174**	145,621

NOTES (PRELIMINARY):

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 not been reviewed by our auditors, 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 2009.

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 quarter and year ended 31 December 2010 included a settlement income of US$26,000,000 in relation to two legal proceedings. Upon receiving the settlement sum, the Group shall withdraw the legal proceedings against two charterers for the breach of time-charter contracts in 2009. As at 31 December 2010, the Group had received US$11,333,000 and the remaining amount of US$14,667,000 would be receivable in 2011.

The other operating income for the year ended 31 December 2009 included an income of US$39,842,000 received from a few counterparties to wash out foregoing time-charter contracts by mutual agreements. There was no such income recognized in current year.

4. Impairment loss on owned vessels and vessels under construction

Given the continuous drop in market value of dry bulk vessels since late 2010, the management considered there was indication that the carrying amounts of the Group's owned vessels and vessels under construction may not be recoverable and thus performed an impairment review on owned vessels and vessels under construction on 31 December 2010. Accordingly, an impairment loss of US$74,033,000 on owned vessels and vessels under construction was recognized in 2010. There was no such loss recognized in last year.

5. Other operating expenses

The other operating expenses for the quarter and year ended 31 December 2010 included a loss on cancellation of shipbuilding contracts amounting to US$10,013,000, represented partial installments paid by the Group forfeited in December 2010. There was no such expense recognized in 2009.

The other operating expenses for the year also included an impairment loss of US$162,000 on trade receivables as compared to that of US$10,355,000 recognized in last year when certain charterers were exposed to financial or insolvency problems in the financial turmoil.

6. Taxation

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

7. (Loss) Earnings per share

The calculation of basic and diluted loss per share for the quarter ended 31 December 2010 is based on the net loss for the quarter of US$34,780,000 (2009: net profit of US$32,826,000) and the weighted average number of 84,045,341 (2009: 84,045,341) ordinary shares in issue during the quarter.

The calculation of basic and diluted earnings per share for the year ended 31 December 2010 is based on the net profit for the year of US$86,831,000 (2009: US$153,842,000) and the weighted average number of 84,045,341 (2009: 84,045,341) ordinary shares in issue during the year.

8. Dividend

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2010 (2009: nil).

9. Pledged deposits

As at 31 December 2010, the amount included US$1.5 million security money held in the High Court of Hong Kong. As at 31 December 2009, the amount included US$44.4 million deposits placed with a bank as security for the issuance of a bank guarantee in September 2009 in relation to legal proceedings. The relevant bank guarantee was cancelled in September 2010 and the pledged bank deposits of US$44.4 million was paid to the High Court of Hong Kong pursuant to the order of Mr. Justice STONE of the Court of First Instance of the High Court of Hong Kong made by consent as security money. In November 2010, Mr. Justice REYES of the Court of First Instance of the High Court of Hong Kong ordered a release of the security money of US$42.9 million to the Group. The Group received such amount in cash on 29 November 2010 and maintained security money of US$1.5 million in the High Court of Hong Kong. The legal proceedings are still underway in Hong Kong as of date of this report.

10. Bank balances and cash

	31/12/2010 (Unaudited) *US$'000*	31/12/2009 (Audited) *US$'000*
Cash and cash equivalents for condensed consolidated statement of cash flows purpose	**190,174**	145,621
Bank deposits with more than three months to maturity when placed	**15,000**	1,000
	205,174	146,621

DIVIDENDS

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2010. As there is no interim dividend payable during the year, there will be no dividend distribution for the whole year of 2010.

REVIEW OF OPERATIONS

Fourth Quarter 2010. The dry bulk market hampered by oversupply of vessels and remained dull in the fourth quarter of 2010. Given the continued delivery of newbuildings to the market, the market charter rates kept declining in the last quarter of 2010. Baltic Dry Index ("BDI") hovering around 2,000 points during the quarter and closed at 1,773 points at end of 2010.

In view of the continuation of weak fundamentals in dry bulk operating environment, market value of dry bulk vessels tumbled as well as the intrinsic values of our fleet. Accordingly, the management performed an impairment review on the Group's owned vessels and vessels under construction on 31 December 2010 and recognized an impairment loss of US$74,033,000 (2009: nil) on owned vessels and vessels under construction. The impairment loss is non-cash in nature and does not have impact on the operating cash flows of the Group.

After the unprecedented global financial turmoil, the balance in the dry bulk sector has been drastically distorted. In view of the uncertainty over the global economic recovery especially in terms of the growth in dry seaborne trade volume, the management reviewed the Group's capital expenditure plan with a cautious and conservative mindset. In December 2010, the Group reached two agreements with shipbuilding contractors to cancel two newbuilding contracts in order to reduce outstanding capital expenditure as well as future business risks. As a result of the cancellation, loss on cancellation of shipbuilding contracts amounting to US$10,013,000, represented partial installments paid by the Group forfeited, was recognized and the relevant cost capitalized as vessels under construction was then written off in the fourth quarter of 2010.

As a result of the hit of the substantial impairment loss on owned vessels and vessels under construction, and the loss on cancellation of shipbuilding contracts, the Group turned to loss-making in the last quarter of 2010. The Group recorded net loss of US$34,780,000 for current quarter, comparing to a net profit of US$32,826,000 in last corresponding quarter. Basic loss per share for the quarter was US$0.414 whereas basic earnings per share of US$0.391 was reported in the fourth quarter of 2009.

The other operating income included a settlement income of US$26,000,000 in relation to two legal proceedings. Upon receiving the settlement sum, the Group shall withdraw the legal proceedings against two charterers for the breach of time-charter contracts in 2009. As at 31 December 2010, the Group had received US$11,333,000 and the remaining amount of US$14,667,000 would be receivable in 2011.

Due to the expansion of the Group's owned fleet, the Group's depreciation and amortization increased from US$8,839,000 in last corresponding quarter to US$11,657,000 for the quarter, representing an increase of 32%.

Year 2010. While global economy continues to edge forward recovery, the dry bulk operating environment remained tough throughout 2010. Even though dry bulk commodities trading activities resumed in many Asian countries since late 2009, the seemingly strong demand for dry bulk transportation rapidly softened in the second half of 2010 when the monetary tightening policies embarked in China and India causing a slowdown of commodities imports and an immediate correction of demand for dry bulk transportation. The escalating newbuildings further dragged down the already weak charter rates. The BDI opened at 3,005 points at the start of 2010, rallied to around 4,000 points before the sharp decline in June 2010, and closed at 1,773 points at end of 2010.

The Group's operating results for the year was severely impacted by the recognition of impairment loss on owned vessels and vessels under construction amounting to US$74,033,000, and the loss on cancellation of shipbuilding contracts amounting to US$10,013,000. On the contrary, the Group recognized an income of US$26,000,000 as settlement sum of two legal proceedings against two charterers for the breach of time-charter contracts in 2009. Despite facing a hard year, the Group recorded revenue of US$348,276,000 and net profit of US$86,831,000 for 2010. Basic earnings per share for current year was US$1.033 whereas US$1.830 was reported in 2009.

In view of the recent market popularity of smaller size vessels such as Supramaxes, the Group shifted chartering focus on owned Supramax fleet and ceased renewal of charter-in contracts for larger dry bulk carriers upon contract expiry. Revenue for the year remained at US$348,276,000 as compared to US$349,340,000 for 2009 as revenue contributed from expanded owned Supramax fleet was offset by decreased revenue earned from fewer charter-in Capesizes and Panamaxes, and depressed charter rates upon redeployment of our fleet in the market upon contract renewal.

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

	2010 Q4	2009 Q4	**2010**	2009
	US$	*US$*	***US$***	*US$*
Capesize	**82,551**	75,134	**83,678**	77,950
Post-Panamax / Panamax	**26,473**	27,606	**28,982**	21,376
Supramax / Handymax	**24,803**	23,583	**25,131**	25,019
In average	**28,270**	28,626	**29,102**	30,149

The Group's shipping related expenses for the year was US$131,037,000, representing a decrease of 27% as compared to US$180,177,000 in last year. The drop was mainly due to decreased average number of chartered-in vessels in operations from eight vessels to five vessels, and partly offset by increased average number of owned vessels in operations from twenty three vessels to twenty eight vessels. The Group strives to maintain a low operating cost structure by keeping a young and cost-efficient fleet with average vessel age at five years.

Due to the expansion of the Group's owned fleet, the Group's depreciation and amortization increased from US$34,038,000 for 2009 to US$43,154,000 for 2010, representing an increase of 27%. As at 31 December 2010, the Group had thirty one owned vessels as compared to twenty four owned vessels as at 31 December 2009.

FINANCIAL REVIEW

During the year, upon financing of various vessel mortgage loans, receiving the released security money from the High Court of Hong Kong, and offset by cash used to partially finance the delivery of seven additional vessels and installments paid for the newbuildings, the total of the Group's equity and debt securities, bank balances and cash increased to US$264,922,000 (2009: US$158,151,000) and bank borrowings increased to US$555,667,000 (2009: US$462,376,000) as at 31 December 2010.

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, reduced to 38% as at 31 December 2010 (2009: 45%). 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 year, capital expenditure on additions of the owned vessels and vessels under construction was US$221,580,000 (2009: US$290,649,000), and on other property, plant and equipment was US$2,289,000 (2009: US$546,000).

As at 31 December 2010, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately US$301,204,000 (2009: US$623,915,000), representing the Group's outstanding capital expenditure commitments to acquire nine (2009: nineteen) newbuildings at a total purchase price of approximately US$441,782,000 (2009: US$867,027,000).

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

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 Ming" was delivered to the Group.

As at 31 December 2010, the Group had thirty one owned vessels which included two modern Post-Panamaxes, one modern Panamax, twenty seven 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 31 December 2010.

Subsequent to the quarter ended 31 December 2010, a newly built Supramax was delivered to the Group on 24 February 2011 and was named as "Jin Han".

Fleet Details

The fleet details after the year ended 31 December 2010 and up to 24 February 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 January 2011 and 24 February 2011	-	2	2	-	-	-	2
Post-Panamax Fleet							
As at 1 January 2011 and 24 February 2011	2	-	2	-	-	-	2
Panamax Fleet							
As at 1 January 2011 and 24 February 2011	1	1	2	1	-	1	3
Supramax / Handymax Fleet							
As at 1 January 2011	28	2	30	6	-	6	36
Newbuilding delivery	1	-	1	(1)	-	(1)	-
As at 24 February 2011	29	2	31	5	-	5	36
Handysize Fleet							
As at 1 January 2011 and 24 February 2011	-	-	-	1	-	1	1
Total Fleet							
As at 24 February 2011	32	5	37	7	-	7	44

Note:

1 Includes seven newbuildings ordered by the Group as at 24 February 2011, which we expected to take deliveries of one Panamax and two Supramaxes in 2011, 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 24 February 2011 was as follows:

Owned and Chartered-in Fleet – revenue covered:

		Unit	2011	2012
Capesize Fleet [1]	Coverage	*%*	76	50
	Operating days covered	*Days*	557	360
	Daily TCE	*US$*	73,641	51,908
Post-Panamax / Panamax Fleet	Coverage	*%*	51	26
	Operating days covered	*Days*	813	360
	Daily TCE	*US$*	25,852	38,200
Supramax / Handymax Fleet	Coverage	*%*	60	33
	Operating days covered	*Days*	6,855	3,962
	Daily TCE	*US$*	27,221	30,784

Chartered-in Fleet – TCE cost:

		Unit	2011	2012
Capesize Fleet	Operating days	*Days*	730	732
	Daily TCE cost	*US$*	40,750	40,750
Panamax Fleet	Operating days	*Days*	259	N/A
	Daily TCE cost	*US$*	22,500	N/A
Supramax Fleet	Operating days	*Days*	500	366
	Daily TCE cost	*US$*	31,680	36,000

Note:

1 The above operating statistics included one Capesize chartered to Korea Line Corporation ("KLC") under a five-year charter contract with expiry in 2014. KLC filed for protective receivership on 25 January 2011 and received court approval from Seoul Central District Court on 15 February 2011. The default risk associated with this charter is still uncertain and unclear as KLC is now under financial restructuring and its resumption of hire payment is subject to Korean court approval. Except for this charter contract, the Group has not exposed to other contracts with KLC.

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

2010 has largely been better than expectations, with a strong freight market in the first nine months due to a favourable import policy of China, as well as a general upturn in Asia steel and coal demand, and the demand for other dry bulk commodities. Delivery of new vessels was also lower than expected during this same period. However, the seas turned rough starting from the fourth quarter of 2010 as soon as China reduced its government stimulus package and stepped up its efforts to combat inflation and cool down the domestic real estate market. The freight market corrected immediately with the reduction in Chinese imports, as well as at the same time, delivery of new vessels set a new record of approximately twenty million dwt. The devastating floods in Queensland, Australia also caused much disruption to the availability of cargoes which further depressed the already weak freight environment.

The supply and demand imbalance is now apparent, as evident in the current weak freight environment as well as declining asset values across all sizes of bulk vessels. Additional newbuilding orders by mining majors (on large ore carriers) and new aspired shipowners (on various size of bulk carriers) during the past eighteen months will further amplify this oversupply of tonnages, with the rebalancing of supply versus demand likely to take place later rather than sooner.

The recent filing for protective receivership of one of the largest shipping company in Asia, Korea Line Corporation ("KLC"), is also not an encouraging sign, and we fear that this event may trigger further counterparty defaults in the dry bulk industry given the number of parties that have commercial contractual dealings with KLC. We continue to monitor the situation very closely, albeit we only have one vessel exposed to this particular counterparty. 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 uncertainty with respect to the macro economic outlook, and see inflationary pressure to be the main worry due to the rapid increased in money supply. On a positive note, inflation should be positive for shipping from a traditional perspective, together with a global shortage in food supply possibly acting as a positive wildcard. However, the oversupply of vessels 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.

We believe asset prices remain under pressure, and do not rule out the possibility of making further impairment loss on our owned vessels going forward.

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

25 February 2011

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