JINHUI

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 2012 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 2012 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 2012

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 AND TRANSPORTATION LIMITED

SECOND QUARTER AND HALF YEARLY REPORT 2012

HIGHLIGHTS

FOR THE FIRST HALF OF 2012

- Revenue for the period dropped 30% to US$119 million
- Net profit for the period declined 69% to US$17 million
- Basic earnings per share: US$0.201
- Gearing ratio as at 30 June 2012: 45%

FOR THE SECOND QUARTER OF 2012

- Revenue for the quarter dropped 27% to US$61 million
- Net profit for the quarter declined 58% to US$8 million
- Basic earnings per share: US$0.096

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 2012.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**3 months ended 30/6/2012 (Unaudited) *US$'000***	3 months ended 30/6/2011 (Unaudited) *US$'000*	**6 months ended 30/6/2012 (Unaudited) *US$'000***	6 months ended 30/6/2011 (Unaudited) *US$'000*	Year ended 31/12/2011 (Audited) *US$'000*
Revenue	2	**60,745**	83,012	**119,267**	169,987	305,196
Other operating income	3	**17,433**	8,296	**20,295**	12,934	17,273
Interest income		**1,187**	809	**2,417**	1,666	3,763
Shipping related expenses	4	**(48,617)**	(53,913)	**(83,496)**	(92,135)	(149,047)
Staff costs		**(1,660)**	(1,468)	**(3,273)**	(2,887)	(17,616)
Impairment loss on owned vessels and vessels under construction		**-**	-	**-**	-	(25,427)
Other operating expenses		**(4,945)**	(2,820)	**(6,563)**	(6,414)	(13,742)
Operating profit before depreciation and amortization		**24,143**	33,916	**48,647**	83,151	120,400
Depreciation and amortization		**(13,938)**	(12,887)	**(27,402)**	(24,907)	(51,609)
Operating profit		**10,205**	21,029	**21,245**	58,244	68,791
Finance costs		**(2,138)**	(1,753)	**(4,340)**	(3,293)	(7,223)
Profit before taxation		**8,067**	19,276	**16,905**	54,951	61,568
Taxation	5	**-**	-	**-**	-	-
Net profit for the period / year		**8,067**	19,276	**16,905**	54,951	61,568
Other comprehensive income						
Change in fair value of available-for-sale financial assets		**-**	-	**-**	-	23
Total comprehensive income for the period / year attributable to shareholders of the Company		**8,067**	19,276	**16,905**	54,951	61,591
Earnings per share	6					
- Basic and diluted		**US$0.096**	US$0.229	**US$0.201**	US$0.654	US$0.733

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30/6/2012 (Unaudited) US$'000	30/6/2011 (Unaudited) US$'000	31/12/2011 (Audited) US$'000
ASSETS				
Non-current assets				
Property, plant and equipment		**1,197,599**	1,182,869	1,148,003
Investment properties		**4,015**	-	-
Available-for-sale financial assets		**395**	372	395
		1,202,009	1,183,241	1,148,398
Current assets				
Inventories		**6,383**	54	2,574
Trade and other receivables		**43,280**	34,104	46,230
Financial assets at fair value through profit or loss		**65,889**	71,665	58,580
Pledged deposits	*8*	**35,846**	11,386	7,894
Bank balances and cash	*9*	**157,562**	176,368	205,121
		308,960	293,577	320,399
Total assets		**1,510,969**	1,476,818	1,468,797
EQUITY AND LIABILITIES				
Capital and reserves				
Issued capital		**4,202**	4,202	4,202
Reserves		**830,621**	807,076	813,716
Total equity		**834,823**	811,278	817,918
Non-current liabilities				
Secured bank loans	*10*	**511,988**	529,619	513,211
Current liabilities				
Trade and other payables	*11*	**73,211**	71,396	71,160
Amount due to holding company		**41**	30	45
Secured bank loans	*10*	**90,906**	64,495	66,463
		164,158	135,921	137,668
Total equity and liabilities		**1,510,969**	1,476,818	1,468,797

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital	Share premium	Capital redemption reserve	Contributed surplus	Employee share-based compensation reserve	Reserve for available-for-sale financial assets	Retained profits	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
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
At 1 January 2012	4,202	72,087	719	16,297	4,758	48	719,807	817,918
Net profit and total comprehensive income for the period	-	-	-	-	-	-	16,905	16,905
At 30 June 2012	**4,202**	**72,087**	**719**	**16,297**	**4,758**	**48**	**736,712**	**834,823**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	6 months ended 30/6/2012 (Unaudited) US$'000	6 months ended 30/6/2011 (Unaudited) US$'000	Year ended 31/12/2011 (Audited) US$'000
OPERATING ACTIVITIES				
Cash generated from operations		**40,247**	66,911	125,401
Interest paid		**(4,350)**	(3,091)	(6,901)
Net cash from operating activities		**35,897**	63,820	118,500
INVESTING ACTIVITIES				
Interest received		**2,026**	1,600	3,514
Decrease (Increase) in bank deposits with more than three months to maturity when placed		**1,596**	10,000	(11,678)
Dividend income received		**144**	233	528
Purchase of property, plant and equipment		**(77,006)**	(134,155)	(151,415)
Proceeds from disposal of property, plant and equipment		**-**	307	379
Purchase of investment properties		**(4,015)**	-	-
Net cash used in investing activities		**(77,255)**	(122,015)	(158,672)
FINANCING ACTIVITIES				
New secured bank loans		**59,545**	68,275	86,575
Repayment of secured bank loans		**(36,199)**	(29,828)	(62,568)
Decrease (Increase) in pledged deposits		**(27,952)**	942	4,434
Net cash from (used in) financing activities		**(4,606)**	39,389	28,441
Net decrease in cash and cash equivalents		**(45,964)**	(18,806)	(11,731)
Cash and cash equivalents at the beginning of period / year		**178,443**	190,174	190,174
Cash and cash equivalents at the end of period / year	9	**132,479**	171,368	178,443

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 (formerly known as 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 2011.

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

Other operating income for the quarter and six months ended 30 June 2012 mainly included settlement income of US$15,812,000 in relation to the full settlement income from a charterer for early termination of time-charter contract, and the partial settlement of claim for damages and losses against Korea Line Corporation ("KLC") by receiving shares of KLC. These shares had been accounted for as financial assets at fair value through profit or loss as at 30 June 2012.

For the same corresponding period in 2011, there was a compensation income of US$3,149,000 received from a charterer for early redelivery of a chartered-in Capesize prior to expiry of the charter period.

4. Shipping related expenses

Shipping related expenses mainly include hire payments and commission payments, vessels operating expenses, and provision for loss on charter hire. Vessels operating expenses primarily comprise of crew expenses, insurances, spare parts and consumables, repairs and maintenance, and other operating expenses.

Provision for loss on charter hire is recognized when the Group has present obligation arising under onerous charter contracts, where the unavoidable costs of meeting the contractual obligations exceed the expected economic benefits to be received under the contracts.

The following table illustrated the net provision for loss on charter hire charged to the Group's condensed consolidated statement of comprehensive income for the periods / year.

	3 months ended 30/6/2012	3 months ended 30/6/2011	**6 months ended 30/6/2012**	6 months ended 30/6/2011	Year ended 31/12/2011
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	(Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*	*US$'000*
Provision recognized	**16,218**	18,379	**22,392**	21,179	21,179
Provision utilized	**(5,250)**	(3,370)	**(10,710)**	(3,370)	(14,092)
Net provision for loss on charter hire	**10,968**	15,009	**11,682**	17,809	7,087

In 2011, the Group's two chartered-in Capesizes were chartered-out at operating loss under two spot chartered-out contracts to be expired in April 2012. When approaching expiration of two chartered-out contracts, the Group committed the two Capesizes to new employment contracts in March and April 2012. Both employments were loss-making as the expected economic benefits derived from the contracts were below the fixed costs under two Capesizes' long term chartered-in contracts. Accordingly, the Group recognized provision for loss on charter hire of US$6,174,000 in March 2012 and US$16,218,000 in April 2012 for contracts which covered minimum lease periods of eight months until December 2012 and eighteen months until October 2013 respectively.

5. Taxation

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

6. Earnings per share

Basic and diluted earnings per share for the quarter ended 30 June 2012 were calculated on the net profit for the quarter of US$8,067,000 (30/6/2011: US$19,276,000) and the weighted average number of 84,045,341 (30/6/2011: 84,045,341) ordinary shares in issue during the quarter.

Basic and diluted earnings per share for the six months ended 30 June 2012 were calculated on the net profit for the period of US$16,905,000 (30/6/2011: US$54,951,000) and the weighted average number of 84,045,341 (30/6/2011: 84,045,341) ordinary shares in issue during the period.

Basic and diluted earnings per share for the year ended 31 December 2011 were calculated on the net profit for the year of US$61,568,000 and the weighted average number of 84,045,341 ordinary shares in issue during the year.

7. Interim dividend

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 30 June 2012 (30/6/2011: nil).

8. Pledged deposits

At the end of the reporting period, the amount included deposits of US$26,140,000 (31/12/2011: nil) placed with a bank as collaterals for demand loans denominated in Japanese Yen of JPY1,768,172,000 (approximately US$22,006,000) being drawn in June 2012.

9. Bank balances and cash

	30/6/2012 (Unaudited) *US$'000*	30/6/2011 (Unaudited) *US$'000*	31/12/2011 (Audited) *US$'000*
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	**132,479**	171,368	178,443
Bank deposits with more than three months to maturity when placed	**25,083**	5,000	26,678
	157,562	176,368	205,121

10. Secured bank loans

	30/6/2012 (Unaudited) *US$'000*	30/6/2011 (Unaudited) *US$'000*	31/12/2011 (Audited) *US$'000*
Vessel mortgage loans	**580,888**	594,114	579,674
Demand loans	**22,006**	-	-
Total secured bank loans	**602,894**	594,114	579,674
Less: Amount repayable within one year	**(90,906)**	(64,495)	(66,463)
Amount repayable after one year	**511,988**	529,619	513,211

Vessel mortgage loans were denominated in U.S. Dollars and were committed on floating rate basis. Demand loans were denominated in Japanese Yen and were committed on fixed rate basis with short duration varying from 3 to 8 days. The demand loans allow flexibility for the Group to further enhance its working capital requirements at very low funding costs and to swiftly manage the currency exposures. At the end of the reporting period, the outstanding demand loans were JPY1,768,172,000 (approximately US$22,006,000) (31/12/2011: nil) which were collateralized by pledged deposit of US$26,140,000 (31/12/2011: nil).

11. Trade and other payables

	30/6/2012 (Unaudited)	30/6/2011 (Unaudited)	31/12/2011 (Audited)
	US$'000	*US$'000*	*US$'000*
Trade payables	**3,080**	3,492	1,799
Accrued charges and other payables	**70,131**	67,904	69,361
	73,211	71,396	71,160

At the end of the reporting period, other payables included provision for loss on charter hire of US$18,769,000 (31/12/2011: US$7,087,000), being the expected economic benefits derived from chartered-out contracts less the fixed costs under the respective chartered-in contracts.

The movements for provision for loss on charter hire during the periods / year are as follows:

	30/6/2012 (Unaudited)	30/6/2011 (Unaudited)	31/12/2011 (Audited)
	US$'000	*US$'000*	*US$'000*
At 1 January	**7,087**	-	-
Provision recognized	**22,392**	21,179	21,179
Provision utilized	**(10,710)**	(3,370)	(14,092)
At 30 June / 31 December	**18,769**	17,809	7,087

12. Capital expenditures and commitments

During the six months ended 30 June 2012, capital expenditure on additions of the owned vessels and vessels under construction was US$76,552,000 (30/6/2011: US$133,107,000), on other property, plant and equipment was US$454,000 (30/6/2011: US$1,048,000), and on investment properties was US$4,015,000 (30/6/2011: nil).

As at 30 June 2012, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately US$82,942,000 (31/12/2011: US$157,325,000), representing the Group's outstanding capital expenditure commitments to acquire three (31/12/2011: five) newbuildings at total contract price of US$17,500,000 and JPY9,810,500,000 (31/12/2011: US$35,000,000 and JPY16,221,000,000).

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 September 2012.

13. Comparative figures

Certain comparative figures have been included in order to conform to the current period's presentation.

Grant Thornton
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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 10 which comprises the condensed consolidated statement of financial position of Jinhui Shipping and Transportation Limited as of 30 June 2012 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 the 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

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

30 August 2012

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 30 June 2012.

REVIEW OF OPERATIONS

Second Quarter of 2012. The Baltic Dry Index ("BDI") opened at 934 points at the beginning of the quarter and trended upwards to the highest at 1,165 points on 8 May 2012. Yet, dry bulk shipping market was again hit by new wave of negative sentiments driven by deteriorating economic outlook for the Eurozone countries, oversupply of tonnages and softening dry bulk commodities demand from China and India. The BDI slipped back and closed at 1,004 points by end of the quarter.

Revenue for the second quarter of 2012 dropped to US$60,745,000, representing a decrease of 27% as compared to US$83,012,000 for the last corresponding quarter. Net profit for the second quarter fell 58% to US$8,067,000 in 2012, comparing to US$19,276,000 for the second quarter of 2011. Basic earnings per share for the quarter was US$0.096 as compared to US$0.229 for the last corresponding quarter.

Revenue contributed from expanded owned Supramax fleet was offset by the decrease in revenue earned from chartered-in Capesize fleet, reflected in the sharp fall in the average daily time charter equivalent rates ("TCE") of the Group's fleet.

The TCE of the Group's fleet were as follows:

	2012 Q2	2011 Q2	**2012 1st half**	2011 1st half	2011
	US$	*US$*	***US$***	*US$*	*US$*
Capesize Fleet	**11,758**	43,454	**11,253**	61,294	35,532
Post-Panamax / Panamax Fleet	**15,642**	20,431	**15,261**	20,867	19,660
Supramax / Handymax / Handysize Fleet	**16,525**	22,239	**16,531**	23,004	21,224
In average	**16,189**	23,078	**16,128**	24,722	21,785

Two chartered-in Capesizes were chartered-out at operating loss in June 2011 with lease period expiring in April 2012 after the previous high earning chartered-out contracts were terminated in early 2011. Hence, TCE of Capesize fleet for the second quarter dropped from US$43,454 in 2011 to US$11,758 in 2012.

During the quarter, the Group recognized settlement income of US$15,812,000 in relation to the full settlement income from a charterer for early termination of time-charter contract, and the partial settlement of claim for damages and losses against Korea Line Corporation ("KLC") by receiving shares of KLC. The remaining settlement income from KLC will be settled by cash payments spanning through a period between 2012 and 2021. The Group would recognize the remaining settlement income from KLC when the realization of such income becomes virtually certain and cash or assets that are readily convertible to cash have been received.

Shipping related expenses decreased by 10% to US$48,617,000 for the second quarter of 2012 as compared to US$53,913,000 for the last corresponding quarter primarily due to the expiration of a chartered-in contract of a Panamax in mid-2011 that led to the reduction in hire payments and the decrease in provision for loss on charter hire being recognized in the quarter.

Despite provision for loss on charter hire had been made for the abovementioned two chartered-out contracts in 2011, when approaching expiration of these chartered-out contracts, the Group committed the two Capesizes to new employment contracts in March and April 2012 at operating loss due to the prevailing unfavourable freight environment. Accordingly, the Group recognized provision for loss on charter hire of US$6,174,000 in March 2012 for a contract which covered a minimum lease period of eight months until December 2012 and further recognized provision for loss on charter hire of US$16,218,000 in April 2012 for another contract which covered a minimum lease period of eighteen months until October 2013. The net provision for loss on charter hire of US$10,968,000 for the quarter was included in shipping related expenses in the condensed consolidated statement of comprehensive income and the details were set out in note 4 on pages 6 and 7.

The Group's other operating expenses for the quarter increased to US$4,945,000 in 2012 from US$2,820,000 for the last corresponding quarter in 2011. The increase was mainly attributable to the recognition of fair value loss on investment portfolio, predominantly in equity securities listed in Hong Kong, of US$3,717,000 for the second quarter of the year as global stock markets slipped on continued concerns over deteriorating European sovereign debt crisis with the focus on Greece and Spain in particular. For the same quarter in 2011, fair value loss on investment portfolio was US$1,095,000.

First Half of 2012. Dry bulk shipping market was under severe challenges in the first half of 2012. China and India, the main driving forces for global seaborne trade, showed signs of slowing down in economic growth, reflecting economic distress in western countries has cascaded into the emerging countries. The continual delivery of new dry bulk tonnages rapidly outpaced market demand for dry bulk carriers, and caused market freight rates to drop rigorously. The market sentiment was further weighed down by the worsening Eurozone financial crisis when Spain recently revealed its banking crisis that immediately triggered a chain reaction on the financial markets across peripheral Europe. Given the weak macroeconomic market environment, the BDI opened at 1,738 points at the beginning of 2012 and collapsed to its record low at 647 points on 3 February 2012 and closed at 1,004 points by end of June 2012.

The Group's operating results for the first half of 2012 was constrained by the depressed market charter rates coupled with rising vessels operating expenses. Revenue for the first half of 2012 decreased by 30% to US$119,267,000 as comparing to US$169,987,000 in the first half of 2011. Net profit for the period was US$16,905,000 as comparing to US$54,951,000 for the corresponding period in 2011. Basic earnings per share was US$0.201 for the first half of 2012 while US$0.654 was reported in the same period in 2011.

The decline in revenue and net profit was mainly due to the expiration of some high earning charter contracts in late 2011 and early 2012, and lower charter rates upon redeployment of our fleet in prevailing weak market upon contract renewal in particular to larger size fleet. As mentioned in previous quarterly analysis, the Group is exposed to the low freight rate environment mainly due to an oversupply of tonnages, and therefore had to enter into some loss-making chartered-out contracts in early 2012 as part of our fleet is due for contract renewal in the prevailing market conditions. The net provision for loss on charter hire of US$11,682,000 for the period was included in shipping related expenses in the condensed consolidated statement of comprehensive income and the details were set out in note 4 on pages 6 and 7.

Shipping related expenses for the first half of 2012 dropped to US$83,496,000, as comparing to US$92,135,000 for the last corresponding period in 2011. The decrease was primarily due to the expiration of a chartered-in contract of a Panamax in mid-2011 that led to the reduction in hire payments and the decrease in provision for loss on charter hire being recognized in the period.

Due to the expansion of owned fleet and relatively higher contract price of recently delivered owned vessels, the Group's depreciation and amortization for the first half of 2012 increased by 10% to US$27,402,000 from US$24,907,000 for the first half of 2011. As at 30 June 2012, the Group had thirty seven owned vessels as compared to thirty four owned vessels as at 30 June 2011.

Finance costs for the first half of 2012 rose 32% to US$4,340,000, as compared to US$3,293,000 for the last corresponding period in 2011. The increase was attributable to the increase in the number of owned vessels of the Group, as well as the increase in loan principal and higher loan interest margin being agreed under loan facilities for the recently delivered owned vessels.

The Group strives to maintain a low operating cost structure by keeping a young and cost-efficient fleet with average vessel age currently at five years.

FINANCIAL REVIEW

As at 30 June 2012, the total of the Group's equity and debt securities, bank balances and cash decreased to US$223,451,000 (31/12/2011: US$263,701,000) and bank borrowings increased to US$602,894,000 (31/12/2011: US$579,674,000). 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, increased to 45% as at 30 June 2012 (31/12/2011: 39%).

Secured bank loans drawn in the period comprised of vessel mortgage loans of US$35,150,000 drawn upon delivery of two newbuildings and demand loans denominated in Japanese Yen of approximately US$24,395,000. As the exchange rates of Japanese Yen against most currencies spiked upwards recently, the Group decided to take advantage of such opportunities by borrowing relative short term Japanese Yen demand loans at very low funding costs with maturity varying from 3 to 8 days to further enhance the Group's working capital requirements. Duration of such borrowing is very short for the purpose of swiftly managing the currency exposures. As at 30 June 2012, the outstanding demand loans were JPY1,768,172,000 (approximately US$22,006,000) (31/12/2011: nil) which were collateralized by pledged deposit of US$26,140,000 (31/12/2011: nil). 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 six months ended 30 June 2012, capital expenditure on additions of the owned vessels and vessels under construction was US$76,552,000 (30/6/2011: US$133,107,000), on other property, plant and equipment was US$454,000 (30/6/2011: US$1,048,000), and on investment properties was US$4,015,000 (30/6/2011: nil).

As at 30 June 2012, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately US$82,942,000 (31/12/2011: US$157,325,000), representing the Group's outstanding capital expenditure commitments to acquire three (31/12/2011: five) newbuildings at total contract price of US$17,500,000 and JPY9,810,500,000 (31/12/2011: US$35,000,000 and JPY16,221,000,000).

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 September 2012.

FLEET

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

During the second quarter of 2012, a newly built Handysize named as "Jin Yu" was delivered to the Group.

As at 30 June 2012, the Group had thirty seven owned vessels which included two modern Post-Panamaxes, two modern Panamaxes, thirty one modern grabs fitted Supramaxes, one Handymax and one Handysize.

Apart from the owned vessels, the Group operated four chartered-in vessels which included two Capesizes and two Supramaxes as at 30 June 2012.

Subsequent to the quarter ended 30 June 2012, a newly built Supramax named as "Jin Xiang" was delivered to the Group on 23 July 2012.

Fleet Details

The fleet details after the quarter ended 30 June 2012 and up to 29 August 2012 were as follows:

	Number of vessels						
	In operation			Newbuildings / New charters			
	Owned	Chartered	Subtotal	Owned	Chartered	Subtotal	Total
Capesize Fleet							
As at 1 July 2012 and 29 August 2012	-	2	2	-	-	-	2
Post-Panamax Fleet							
As at 1 July 2012 and 29 August 2012	2	-	2	-	-	-	2
Panamax Fleet							
As at 1 July 2012 and 29 August 2012	2	-	2	-	-	-	2
Supramax / Handymax / Handysize Fleet							
As at 1 July 2012	33	2	35	2	-	2	37
Newbuilding delivery	1	-	1	(1)	-	(1)	-
Expiry of charter	-	(1)	(1)	-	-	-	(1)
As at 29 August 2012	34	1	35	1	-	1	36
Total Fleet							
As at 29 August 2012	38	3	41	1	-	1	42

According to the Company's best estimation, the activity of the Group's fleet as at 29 August 2012 was as follows:

Owned and Chartered-in Fleet – revenue covered:

		Unit	2012	2013
Capesize Fleet	Coverage	*%*	98	61
	Operating days covered	*Days*	716	283
	Daily TCE	*US$*	11,745	13,400
Post-Panamax / Panamax Fleet	Coverage	*%*	78	25
	Operating days covered	*Days*	1,125	365
	Daily TCE	*US$*	17,517	38,200
Supramax / Handymax / Handysize Fleet	Coverage	*%*	77	20
	Operating days covered	*Days*	9,456	2,558
	Daily TCE	*US$*	17,974	32,489

Chartered-in Fleet – TCE cost:

		Unit	2012	2013
Capesize Fleet	Operating days	*Days*	732	466
	Daily TCE cost	*US$*	40,750	42,591
Supramax Fleet	Operating days	*Days*	596	300
	Daily TCE cost	*US$*	26,656	36,000

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

The global economic health has not been improving since our last quarterly report. The European sovereign debt crisis continues to capture headlines of global media every now and again, with no clear solution to date; the U.S. economic growth remains tepid; in the Asian region, economic growth seems to be weakening with China in particular. China seems to be at the economic crossroads, with slowing investments and industrial activities, declining export volumes due to lower demand from the rest of the globe, and growing bad debt within Chinese domestic banks pursuant to the past credit easing. We believe maintaining healthy economic growth remains to be a prime objective for China, but delicate and controlled stimulative measures would be required as social stability must be maintained. We believe the period of double digit economic growth rates for China will not reoccur in the short term, and the overall global economic growth will remain to be stagnant.

Given such a challenging macroeconomic backdrop, we believe the volume growth of global dry seaborne trade will be limited. We remain to be cautious as we see a high level of uncertainty with the global economy, as well as increasing complications in geopolitics ahead of us.

On surface, we continue to operate in an easing monetary and low interest rate environment, but only the rare few can take advantage of this low interest rate environment and access sizeable new bank financing, as banks continue to raise their lending margins over their own increasing cost of funding while cherry picking the borrowers. With banks continue to be extremely cautious towards lending and their need to comply with new regulations, we expect scarcity of credit will intensify and cost of borrowing will rise further. Only elite corporations with sound financial position in their respective industries will gain good access to traditional bank financing. With limited credit towards the majority of businesses or investments of real economic or industrial activities, we believe downside risks remain with global economic growth.

The dry bulk shipping market remains to be extremely challenging in 2012 against this economic backdrop, where we face overwhelming oversupply in tonnages, excess shipbuilding capacity and generally lower demand growth of dry seaborne trade. Against this industry outlook, fewer banks are now offering new ship financing, especially given the extraordinary challenges they are already facing. Looking ahead, we expect further company defaults, rising counterparty risks, and further pressure on asset prices, but at the same time we believe there will be interesting opportunities for those who are patient, prepared and have placed liquidity as a priority in the past years.

We aspire to grow our business over the longer term, and will patiently and selectively look at suitable opportunities as they arise.

For the rest of the year, we will continue to focus on the basics as our top priority: maintain a strong financial position and a healthy gearing level, monitor cargo flows in order to deploy our vessels efficiently to optimize revenue, and keeping costs in check to enhance our margins. We see both headwind and mist ahead of us and will continue to operate with a conservative yet nimble mindset, and be ready to act in the best interest of our shareholders under different kinds of scenarios.

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 2012

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the half yearly report for the period from 1 January to 30 June 2012 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 2012

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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JINHUI

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