JINHUI SHIPPING

AND TRANSPORTATION LIMITED

Second Quarter and Half Yearly Report 2013

HIGHLIGHTS

FOR THE FIRST HALF OF 2013

- ✧ Revenue for the period declined 9% to US$108 million
- ✧ Net profit for the period dropped 77% to US$4 million
- ✧ Basic earnings per share: US$0.047
- ✧ Gearing ratio as at 30 June 2013: 40%

FOR THE SECOND QUARTER OF 2013

- ✧ Revenue for the quarter declined 10% to US$55 million
- ✧ Net profit for the quarter dropped 87% to US$1 million
- ✧ Basic earnings per share: US$0.013

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 2013.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	**3 months ended 30/6/2013 (Unaudited)**	3 months ended 30/6/2012 (Unaudited)	**6 months ended 30/6/2013 (Unaudited)**	6 months ended 30/6/2012 (Unaudited)	Year ended 31/12/2012 (Audited)
		US$'000	*US$'000*	***US$'000***	*US$'000*	*US$'000*
Revenue	*2*	**54,609**	60,745	**108,484**	119,267	234,035
Other operating income		**3,272**	17,433	**5,127**	20,295	28,463
Interest income		**840**	1,187	**1,706**	2,417	4,651
Shipping related expenses	*3*	**(30,396)**	(48,617)	**(64,752)**	(83,496)	(146,984)
Staff costs		**(1,861)**	(1,660)	**(3,719)**	(3,273)	(11,653)
Other operating expenses		**(8,823)**	(4,945)	**(9,663)**	(6,563)	(7,454)
Operating profit before depreciation and amortization	*4*	**17,641**	24,143	**37,183**	48,647	101,058
Depreciation and amortization		**(14,792)**	(13,938)	**(29,663)**	(27,402)	(56,757)
Operating profit		**2,849**	10,205	**7,520**	21,245	44,301
Finance costs		**(1,764)**	(2,138)	**(3,606)**	(4,340)	(8,720)
Profit before taxation		**1,085**	8,067	**3,914**	16,905	35,581
Taxation	*5*	**-**	-	**-**	-	-
Net profit and total comprehensive income for the period / year attributable to shareholders of the Company		**1,085**	8,067	**3,914**	16,905	35,581
Earnings per share	*6*					
- Basic and diluted		**US$0.013**	US$0.096	**US$0.047**	US$0.201	US$0.423

Condensed Consolidated Statement of Financial Position

	Note	30/6/2013 (Unaudited) US$'000	30/6/2012 (Unaudited) US$'000	31/12/2012 (Audited) US$'000
ASSETS				
Non-current assets				
Property, plant and equipment		**1,176,994**	1,197,599	1,203,538
Investment properties		**3,333**	4,015	3,333
Available-for-sale financial assets	*8*	**373**	395	395
		1,180,700	1,202,009	1,207,266
Current assets				
Inventories		**3,287**	6,383	7,242
Trade and other receivables		**26,925**	43,280	48,804
Financial assets at fair value through profit or loss	*9*	**91,766**	65,889	76,020
Pledged deposits		**23,574**	35,846	19,776
Bank balances and cash	*10*	**93,403**	157,562	126,770
		238,955	308,960	278,612
Total assets		**1,419,655**	1,510,969	1,485,878
EQUITY AND LIABILITIES				
Capital and reserves				
Issued capital		**4,202**	4,202	4,202
Reserves		**853,211**	830,621	849,297
Total equity		**857,413**	834,823	853,499
Non-current liabilities				
Secured bank loans	*11*	**460,941**	511,988	492,936
Current liabilities				
Trade and other payables		**33,412**	54,442	61,410
Provisions	*12*	**3,121**	18,769	8,660
Amount due to holding company		**66**	41	73
Secured bank loans	*11*	**64,702**	90,906	69,300
		101,301	164,158	139,443
Total equity and liabilities		**1,419,655**	1,510,969	1,485,878

Condensed Consolidated Statement of Changes in Equity

	Issued capital (Unaudited) US$'000	Share premium (Unaudited) US$'000	Capital redemption reserve (Unaudited) US$'000	Contributed surplus (Unaudited) US$'000	Employee share-based compensation reserve (Unaudited) US$'000	Reserve for available-for-sale financial assets (Unaudited) US$'000	Retained profits (Unaudited) US$'000	Total equity (Unaudited) US$'000
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
At 1 January 2013	4,202	72,087	719	16,297	4,758	48	755,388	853,499
Net profit and total comprehensive income for the period	-	-	-	-	-	-	3,914	3,914
At 30 June 2013	**4,202**	**72,087**	**719**	**16,297**	**4,758**	**48**	**759,302**	**857,413**

Condensed Consolidated Statement of Cash Flows

	Note	**6 months ended 30/6/2013 (Unaudited)** *US$'000*	6 months ended 30/6/2012 (Unaudited) *US$'000*	Year ended 31/12/2012 (Audited) *US$'000*
OPERATING ACTIVITIES				
Cash generated from operations		**11,600**	40,247	70,989
Interest paid		**(3,693)**	(4,350)	(8,720)
Net cash from operating activities		**7,907**	35,897	62,269
INVESTING ACTIVITIES				
Interest received		**1,536**	2,026	4,506
Decrease (Increase) in bank deposits with more than three months to maturity when placed		**(5,221)**	1,596	11,595
Dividend income received		**357**	144	635
Purchase of property, plant and equipment		**(3,119)**	(77,006)	(112,300)
Proceeds from disposal of property, plant and equipment		**38**	-	-
Proceeds from termination of unlisted investments		**474**	-	-
Purchase of available-for-sale financial assets		**(170)**	-	-
Purchase of investment properties		**-**	(4,015)	(4,015)
Net cash used in investing activities		**(6,105)**	(77,255)	(99,579)
FINANCING ACTIVITIES				
New secured bank loans		**501**	59,545	94,058
Repayment of secured bank loans		**(37,093)**	(36,199)	(111,622)
Increase in pledged deposits		**(3,798)**	(27,952)	(11,882)
Net cash used in financing activities		**(40,390)**	(4,606)	(29,446)
Net decrease in cash and cash equivalents		**(38,588)**	(45,964)	(66,756)
Cash and cash equivalents at beginning of the period / year		**111,687**	178,443	178,443
Cash and cash equivalents at end of the period / year	*10*	**73,099**	132,479	111,687

NOTES:

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have not been reviewed by our auditor.

Certain new or amended International Financial Reporting Standards ("IFRS") and Hong Kong Financial Reporting Standards ("HKFRS") are effective for the accounting period beginning on 1 January 2013. The Group has applied for the first time, all new standards, amendments and interpretations issued by IASB and the HKICPA, which are relevant to and effective for the Group's financial statements for the current accounting period.

The management has assessed and considered that the adoption of these new standards or amendments has had no material impact on the Group's financial statements for the current and prior periods that have been presented, except for the change in terminology from statement of comprehensive income to statement of profit or loss and other comprehensive income in accordance with the amendments to IAS 1 and HKAS 1 "Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income", and additional disclosures related to the fair value of financial assets as a result of consequential amendments to IAS 34 and HKAS 34 "Interim Financial Reporting", following the effective of IFRS 13 and HKFRS 13 "Fair Value Measurement", details of which have been disclosed in note 8 and note 9 to interim financial statements.

Apart from the above, 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 2012.

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. 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.

4. Operating profit before depreciation and amortization

This is stated after charging / (crediting):

	3 months ended 30/6/2013 (Unaudited)	3 months ended 30/6/2012 (Unaudited)	**6 months ended 30/6/2013 (Unaudited)**	6 months ended 30/6/2012 (Unaudited)	Year ended 31/12/2012 (Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*	*US$'000*
Impairment loss (Reversal of impairment loss) on trade receivables	**122**	(198)	**287**	(59)	(253)
Dividend income	**(378)**	(75)	**(387)**	(144)	(635)
Net loss (gain) on financial assets at fair value through profit or loss	**6,835**	3,626	**5,775**	3,311	(3,118)

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 2013 were calculated on the net profit for the quarter of US$1,085,000 (30/6/2012: US$8,067,000) and the weighted average number of 84,045,341 (30/6/2012: 84,045,341) ordinary shares in issue during the quarter.

Basic and diluted earnings per share for the six months ended 30 June 2013 were calculated on the net profit for the period of US$3,914,000 (30/6/2012: US$16,905,000) and the weighted average number of 84,045,341 (30/6/2012: 84,045,341) ordinary shares in issue during the period.

Basic and diluted earnings per share for the year ended 31 December 2012 were calculated on the net profit for the year of US$35,581,000 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 2013 (30/6/2012: nil).

8. Available-for-sale financial assets

	30/6/2013 (Unaudited) *US$'000*	30/6/2012 (Unaudited) *US$'000*	31/12/2012 (Audited) *US$'000*
Unlisted club membership, at fair value	**203**	203	203
Unlisted club membership, at cost	**170**	-	-
Unlisted investments			
Co-operative joint ventures, at cost less impairment loss	-	192	192
	373	395	395

Unlisted club membership stated at fair value represented investment in club membership which its fair value can be determined directly by reference to published price quotation in active market. At the reporting date, the fair value measurement of this unlisted club membership was categorized as Level 1 of the three-level fair value hierarchy as defined under IFRS 7 and HKFRS 7.

For those unlisted club membership stated at cost and unlisted investments stated at cost less impairment loss, as there are no quoted market prices in active markets, the range of reasonable fair value estimates can be varied significantly that their fair values cannot be measured reliably.

9. Financial assets at fair value through profit or loss

	30/6/2013 (Unaudited) US$'000	30/6/2012 (Unaudited) US$'000	31/12/2012 (Audited) US$'000
Held for trading or not qualifying as hedges			
Equity securities			
Listed equity securities	**39,032**	22,686	29,887
Debt securities			
Listed debt securities	**31,640**	8,498	25,396
Unlisted debt securities	**21,094**	34,705	20,737
	52,734	43,203	46,133
	91,766	65,889	76,020

At the reporting date, the fair value measurements of listed equity securities and listed debt securities were determined by reference to their quoted bid prices in active markets and were categorized as Level 1 of the three-level fair value hierarchy as defined under IFRS 7 and HKFRS 7. For unlisted debt securities, the fair value measurements were determined by reference to price quotations for equivalent financial instruments in active markets provided by financial institutions and were categorized as Level 2 of the three-level fair value hierarchy as defined under IFRS 7 and HKFRS 7.

10. Bank balances and cash

	30/6/2013 (Unaudited) US$'000	30/6/2012 (Unaudited) US$'000	31/12/2012 (Audited) US$'000
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	**73,099**	132,479	111,687
Bank deposits with more than three months to maturity when placed	**20,304**	25,083	15,083
	93,403	157,562	126,770

11. Secured bank loans

At the reporting date, secured bank loans represented vessel mortgage loans that were denominated in United States Dollars and were committed on floating rate basis.

12. Provisions

At the reporting date, provisions represented provision for loss on charter hire. The movements for provision for loss on charter hire during the periods / year are as follows:

	30/6/2013 (Unaudited) *US$'000*	30/6/2012 (Unaudited) *US$'000*	31/12/2012 (Audited) *US$'000*
At beginning of the period / year	**8,660**	7,087	7,087
Provision recognized	**-**	22,392	22,392
Provision utilized	**(5,539)**	(10,710)	(20,819)
At end of the period / year	**3,121**	18,769	8,660

13. Capital expenditures and commitments

During the six months ended 30 June 2013, capital expenditure on additions of owned vessels and vessels under construction was US$2,995,000 (30/6/2012: US$76,552,000), and on other property, plant and equipment was US$124,000 (30/6/2012: US$454,000).

As at 30 June 2013, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately US$22,566,000 (31/12/2012: US$43,504,000), representing the Group's outstanding capital expenditure commitments to acquire one (31/12/2012: two) newbuildings at total contract price of JPY4,500,000,000 (31/12/2012: US$17,500,000 and JPY6,410,500,000).

14. Related party transactions

During the periods / year, the Group had related party transactions in relation to compensation of key management personnel as follows:

	3 months ended 30/6/2013 (Unaudited) *US$'000*	3 months ended 30/6/2012 (Unaudited) *US$'000*	**6 months ended 30/6/2013 (Unaudited) *US$'000***	6 months ended 30/6/2012 (Unaudited) *US$'000*	Year ended 31/12/2012 (Audited) *US$'000*
Salaries and other benefits	**760**	641	**1,520**	1,281	7,747
Contributions to retirement benefits schemes	**41**	34	**81**	67	135
	801	675	**1,601**	1,348	7,882

15. Comparative figures

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

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 30 June 2013.

REVIEW OF OPERATIONS

Second Quarter of 2013. Amid the challenge to oversupply of tonnages, dry bulk shipping market maintained positive momentum at beginning of the second quarter on the back of rising dry seaborne trade volumes, particularly coal importing in China and grain exporting in South American countries. Such dry seaborne activities fell in May when China, the largest importer of dry bulk commodities, again showed a sign of slowing down its dry bulk commodities importing activities. Baltic Dry Index ("BDI") opened at 910 points at beginning of the second quarter of 2013, hovered at a level of 850 to 900 points in April and gradually dropped to around 800 points in early June. The dry bulk shipping market was reenergized when restocking activities of iron ore and coal resumed noticeably in China in mid-June. Despite in a low freight rate environment, market freight rates of all types of dry bulk vessels improved gently at end of the second quarter. BDI climbed to over 1,000 points in late June, a surge of 45% in a month, and finally closed at its peak of the quarter at 1,171 points by end of the second quarter.

On the other side, global financial markets experienced a volatile second quarter when U.S. Federal Reserve officials indicated in May that the massive quantitative easing measures would be scaling back at an earlier time than the market previously expected. The market volatility was further exacerbated when Chinese authorities imposed tightening measures of liquidity to moderate the excessive lending in banking sectors in June. Most Asian stock markets and commodities markets slumped as a consequence of heavy fund outflows and bond prices generally fell as interest rates of U.S. and China soared at end of the second quarter.

Revenue for the second quarter of 2013 dropped 10% to US$54,609,000, comparing to US$60,745,000 for the last corresponding quarter in 2012. Net profit for the second quarter fell 87% to US$1,085,000 in 2013, comparing to US$8,067,000 for the second quarter of 2012. Basic earnings per share for the quarter was US$0.013 as compared to US$0.096 for the last corresponding quarter in 2012.

The drop in revenue for the second quarter of 2013 was mainly due to certain charter contracts of the Group's owned and chartered-in vessels were entered into with charterers in late 2012 and early 2013 at relatively low freight rates as compared to that of the corresponding period in 2012. Moreover, two chartered-in vessels were redelivered to owners in August 2012 and January 2013 that led to a reduction in revenue from chartered-in vessels for the current quarter accordingly.

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

	2013 Q2	2012 Q2	**2013 1st half**	2012 1st half	2012
	US$	*US$*	***US$***	*US$*	*US$*
Capesize Fleet	**13,400**	11,758	**13,030**	11,253	11,709
Post-Panamax / Panamax Fleet	**15,782**	15,642	**14,989**	15,261	15,238
Supramax / Handymax / Handysize Fleet	**13,644**	16,525	**13,432**	16,531	15,512
In average	**13,840**	16,189	**13,568**	16,128	15,292

Shipping related expenses for the second quarter of 2013 dropped to US$30,396,000 as compared to US$48,617,000 for the last corresponding quarter in 2012, representing a decrease of 37%. The decrease was mainly attributable to the absence of provision for loss on charter hire being recognized in current quarter while a net provision for loss on charter hire of US$10,968,000 was provided in the second quarter of 2012 for two loss-making vessel employment contracts and included in shipping related expenses. In addition, due to the redelivery of two chartered-in vessels to owners in August 2012 and January 2013, hire payments in current quarter for chartered-in vessels reduced by US$4,317,000 as compared to the last corresponding quarter in 2012. However, the decrease was partially offset by the rising bunker expenses incurred in additional voyage charters being carried out in current quarter.

The significant decline in net profit for the quarter was mainly due to no exceptional settlement income being recognized in current quarter while settlement income of US$15,812,000 from two charterers was recognized in the second quarter of 2012. In addition, the Group's operating results was impacted by the short-term turbulences in global financial markets in June. The Group recorded fair value loss on investment portfolio, predominantly in equity securities listed in Hong Kong, of US$6,794,000 in the second quarter as Asian stock markets and bond markets slid in response to the drastic changes in monetary policies in U.S. and China. The Group recorded fair value loss on investment portfolio of US$3,717,000 in last corresponding quarter in 2012 when global stock markets slipped on continued concerns over deteriorating European sovereign debt crisis. Excluding the abovementioned settlement income and fair value loss on investment portfolio, the Group's operating results in the second quarter of 2013 would have been improved to a net profit of US$7,879,000.

First Half of 2013. Dry bulk shipping market had showed a moderate improvement in the first half of 2013. With continued scrapping activities of old tonnages and the slowdown of newbuildings delivery, market freight rates recovered on the back of increasing dry seaborne activities due to bumper harvest of grain and crops in South American countries and rising coal exporting activities in Asia-pacific countries encouraged demand for dry bulk vessels in shipping market. BDI opened at 699 points at the beginning of 2013, gradually climbed to 935 points on 25 March 2013 and hovered at around 800 to 900 points during April to early June. The shipping market continued its upward trend since mid-June when China's iron ore and coal importing activities soared. BDI rose over 45% in June and closed at its peak of the period at 1,171 points by end of June 2013. The recent surge could only be sustainable when market demand for dry bulk vessels would outpace the tonnages supply. However, the oversupply of tonnages and excessive shipbuilding capacity would continue to hinder the turnaround of dry bulk shipping market.

Revenue for the first half of 2013 decreased by 9% to US$108,484,000 as comparing to US$119,267,000 in the first half of 2012. Net profit for the period was US$3,914,000 as comparing to US$16,905,000 for the last corresponding period in 2012. Basic earnings per share was US$0.047 for the first half of 2013 while US$0.201 was reported in the same period of 2012.

The decline in revenue for the period was mainly due to the fall in chartering freight and hire income arising from the Group's owned and chartered-in vessels when certain charter contracts were entered into with charterers at relatively low freight rates, and less revenue was contributed from chartered-in vessels as two chartered-in vessels were redelivered to owners in August 2012 and January 2013.

Shipping related expenses dropped by 22% to US$64,752,000 for the first half of 2013 as compared to US$83,496,000 for the first half of 2012 as there was no provision for loss on charter hire being recognized in the current period, while a net provision for loss on charter hire of US$11,682,000 was recognized in the first half of 2012. The drop in shipping related expenses was also attributable to the decrease in hire payments as two chartered-in vessels were redelivered to owners in August 2012 and January 2013, but it was partially offset by the rising bunker expenses incurred in additional voyage charters being carried out in current period.

The Group's net profit for the period declined significantly by 77% to US$3,914,000 due to the absence of exceptional settlement income in current period, whereas settlement income of US$15,812,000 from two charterers was recognized in the first half of 2012 and such income was included in other operating income; coupled with the increasing fair value loss on investment portfolio in the first half of 2013 as Asian stock markets tumbled sharply in June 2013. The Group recognized fair value loss on investment portfolio of US$6,317,000 for the first half of 2013, which was accounted for net loss on financial assets at fair value through profit or loss and was included in other operating expenses. For the last corresponding period in 2012, fair value loss on investment portfolio was US$3,524,000.

Due to relatively higher contract price of recently delivered owned vessels, the Group's depreciation and amortization increased by 8% to US$29,663,000 for the first half of 2013.

Finance costs for the first half of 2013 decreased by 17% from US$4,340,000 in 2012 to US$3,606,000 in 2013. The decrease was mainly attributable to the reduction in average outstanding loan principal under aggressive loan repayment schedules, and partially offset by higher loan interest margin being agreed under loan facilities for the recently delivered owned vessels.

FINANCIAL REVIEW

As at 30 June 2013, the total of the Group's equity and debt securities, bank balances and cash decreased to US$185,169,000 (31/12/2012: US$202,790,000) and bank borrowings decreased to US$525,643,000 (31/12/2012: US$562,236,000). 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, dropped to 40% as at 30 June 2013 (31/12/2012: 42%). 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.

As at 30 June 2013, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately US$22,566,000 (31/12/2012: US$43,504,000), representing the Group's outstanding capital expenditure commitments to acquire one (31/12/2012: two) newbuildings at total contract price of JPY4,500,000,000 (31/12/2012: US$17,500,000 and JPY6,410,500,000). During the six months ended 30 June 2013, capital expenditure on additions of property, plant and equipment was US$3,119,000 (30/6/2012: US$77,006,000).

FLEET

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

As at 30 June 2013, the Group had thirty eight owned vessels which included two modern Post-Panamaxes, two modern Panamaxes, thirty two modern grabs fitted Supramaxes, one Handymax and one Handysize.

Apart from owned vessels, the Group operated two chartered-in vessels which included one Capesize and one Supramax as at 30 June 2013.

Fleet Details

As at 30 June 2013 and up to 28 August 2013, the Group had thirty eight owned vessels and two chartered-in vessels in operation as follows:

	Number of vessels in operation		
	Owned	Chartered-in	Total
Capesize Fleet	-	1	1
Post-Panamax Fleet	2	-	2
Panamax Fleet	2	-	2
Supramax / Handymax Fleet	33	1	34
Handysize Fleet	1	-	1
Total Fleet	**38**	**2**	**40**

Fleet Activity

According to the Company's best estimation, the activity of the Group's fleet as at 28 August 2013 was as follows:

Owned and Chartered-in Fleet - revenue covered:

		Unit	2013	2014
Capesize Fleet	Coverage	*%*	79	-
	Operating days covered	*Days*	313	-
	Daily TCE	*US$*	13,170	-
Post-Panamax / Panamax Fleet	Coverage	*%*	77	6
	Operating days covered	*Days*	1,074	83
	Daily TCE	*US$*	18,170	38,200
Supramax / Handymax / Handysize Fleet	Coverage	*%*	72	2
	Operating days covered	*Days*	9,031	188
	Daily TCE	*US$*	14,960	32,054

Chartered-in Fleet - TCE cost:

		Unit	2013	2014
Capesize Fleet	Operating days	*Days*	395	41
	Daily TCE cost	*US$*	43,506	44,000
Supramax Fleet	Operating days	*Days*	300	N/A
	Daily TCE cost	*US$*	36,000	N/A

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

2013 has proven to be a very challenging year for dry bulk shipping market so far. The global economic growth continues to vary from region to region, with U.S. showing more encouraging signs of improvement than Europe. As mentioned in previous quarterly analysis, relying growth driven by Asia region, in particular China is unrealistic given super-fast growth rate cannot be expected perpetually.

To date, Chinese Leaders continue to focus on measures that curb fixed asset investments and asset prices, the country that has been driving the most demand growth in dry bulk commodities continues to slow down their import requirements. While the overall demand volume is rising and is expected to rise over the longer term, when piece together the oversupply in tonnages and excess shipbuilding capacity, it is expected a low freight rate environment is likely for the remaining of the year. Although recent activities that positively reduced the supply side such as slippage and scrapping have been higher than previous years, we expect that the operating environment of our industry will remain tough in 2013.

One factor which we watch carefully on our radar screen is the interest rate environment. With U.S. dollar remaining to be the primary currency for global trade, the imminent retreat of the Quantitative Easing measures by U.S. will no doubt affect the global funding environment as well as the appetite for new investments across all industries. Ship financing for newbuildings projects will become even more expensive and hard to come by, especially when lesser financial institutions now participate in financing for this industry. Funding costs, a relatively rigid cost as well as challenging environment to increase revenue in our shipping industry should increase the barriers of entry and discourage excess new supply being ordered. Smaller and non-competitive industry participants with lesser industry expertise, commitment and financial strength would be forced to exit the market in time, though restoration of balance in shipping capacity versus demand in dry seaborne trade is not expected in the near future.

Looking ahead, we expect further company defaults and rising counterparty risks, 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 remaining of the year, we will continue to focus on the basics: maintain a strong financial position and a healthy gearing level, monitor cargo flows in order to deploy our vessels efficiently to optimize revenue, ensuring the maintenance of a high quality, safe fleet of vessels, and keeping costs in check to enhance our margins. We 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

29 August 2013

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the half yearly report for the period from 1 January to 30 June 2013 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.

29 August 2013

Ng Siu Fai	**Ng Kam Wah Thomas**	**Ng Ki Hung Frankie**	**Ho Suk Lin Cathy**
Chairman	*Managing Director and Deputy Chairman*	*Executive Director*	*Executive Director*

Tsui Che Yin Frank	**William Yau**	**Ng Ham Tim**
Non-executive Director	*Non-executive Director*	*Non-executive Director*

Jinhui Shipping and Transportation Limited

Registered office:

Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda

Correspondence address:

26th Floor, Yardley Commercial Building, 1-6 Connaught Road West, Hong Kong SAR, PRC

Tel: (852) 2545 0951 E-mail: info@jinhuiship.com

Fax: (852) 2541 9794 Website: www.jinhuiship.com