JINHUI SHIPPING AND TRANSPORTATION LIMITED

FOURTH QUARTER REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2009
AND
PRELIMINARY ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2009

Jinhui Shipping and Transportation Limited

HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2009:

- Revenue for the year: US$349 million
- Net profit for the year: US$154 million
- Basic earnings per share: US$1.8305
- Gearing ratio as at 31 December 2009 reduced to 45%

HIGHLIGHTS FOR THE FOURTH QUARTER OF 2009:

- Revenue for the quarter: US$83 million
- Net profit for the quarter: US$33 million
- Basic earnings per share: US$0.3906

The Board of Directors 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 2009.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (PRELIMINARY)

	Note	**3 months ended 31/12/2009 (Unaudited)**	3 months ended 31/12/2008 (Unaudited)	**Year ended 31/12/2009 (Unaudited)**	Year ended 31/12/2008 (Audited)	Year ended 31/12/2007 (Audited)
		US$'000	*US$'000*	***US$'000***	*US$'000*	*US$'000*
Revenue	*2*	**82,680**	105,543	**349,340**	475,148	296,285
Net gain on disposal of motor vessel(s)	*3*	**8,388**	-	**8,504**	62,786	20,257
Other operating income	*4*	**7,266**	4,231	**53,076**	13,887	8,597
Interest income		**304**	499	**1,162**	1,854	2,634
Shipping related expenses		**(38,525)**	(57,486)	**(180,177)**	(222,353)	(136,576)
Staff costs		**(15,483)**	(17,164)	**(19,391)**	(20,478)	(6,573)
Other operating expenses		**(1,822)**	(13,131)	**(16,992)**	(24,964)	(55,959)
Operating profit before depreciation and amortization		**42,808**	22,492	**195,522**	285,880	128,665
Depreciation and amortization		**(8,839)**	(7,590)	**(34,038)**	(29,206)	(21,866)
Operating profit		**33,969**	14,902	**161,484**	256,674	106,799
Finance costs		**(1,143)**	(4,293)	**(7,642)**	(17,846)	(21,167)
Profit before taxation		**32,826**	10,609	**153,842**	238,828	85,632
Taxation	*5*	**-**	-	**-**	-	-
Net profit for the period / year		**32,826**	10,609	**153,842**	238,828	85,632
Other comprehensive income						
Change in fair value of available-for-sale financial assets		**44**	(8)	**44**	(32)	-
Total comprehensive income for the period / year attributable to shareholders of the Company		**32,870**	10,601	**153,886**	238,796	85,632
Basic earnings per share *(US$)*	*6*	**0.3906**	0.1262	**1.8305**	2.8417	1.0189

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (PRELIMINARY)

	Note	**31/12/2009 (Unaudited) *US$'000***	31/12/2008 (Audited) *US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**977,323**	880,998
Available-for-sale financial assets		**359**	315
		977,682	881,313
Current assets			
Inventories		**35**	1,994
Trade and other receivables		**30,378**	27,899
Financial assets at fair value through profit or loss		**11,530**	4,519
Pledged deposits	*8*	**65,970**	10,288
Bank balances and cash	*9*	**146,621**	91,548
		254,534	136,248
Total assets		**1,232,216**	1,017,561
EQUITY AND LIABILITIES			
Capital and reserves		**669,483**	515,597
Non-current liabilities			
Advance receipt		**12,936**	-
Secured bank loans		**401,689**	388,829
		414,625	388,829
Current liabilities			
Trade and other payables		**87,421**	54,334
Financial liabilities at fair value through profit or loss		**-**	2,761
Secured bank loans		**60,687**	56,040
		148,108	113,135
Total equity and liabilities		**1,232,216**	1,017,561

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (PRELIMINARY)

	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
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2008	4,202	72,087	719	16,297	4,758	-	214,877	312,940
Total comprehensive income for the year	-	-	-	-	-	(32)	238,828	238,796
2007 final dividend	-	-	-	-	-	-	(13,447)	(13,447)
2008 interim dividend	-	-	-	-	-	-	(22,692)	(22,692)
At 31 December 2008	4,202	72,087	719	16,297	4,758	(32)	417,566	515,597
	(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 2009	4,202	72,087	719	16,297	4,758	(32)	417,566	515,597
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**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (PRELIMINARY)

	Note	**Year ended 31/12/2009 (Unaudited)**	Year ended 31/12/2008 (Audited)
		US$'000	*US$'000*
Net cash from operating activities		**207,452**	214,886
Net cash used in investing activities		**(100,101)**	(138,164)
Net cash used in financing activities		**(38,175)**	(68,551)
Net increase in cash and cash equivalents		**69,176**	8,171
Cash and cash equivalents at the beginning of year		**76,445**	68,274
Cash and cash equivalents at the end of year	*9*	**145,621**	76,445

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 ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and have not been reviewed by our auditors, Grant Thornton.

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 2008 except for the adoption of new / revised International Financial Reporting Standards ("IFRSs") and Hong Kong Financial Reporting Standards ("HKFRSs") (collectively, "New Standards") that have become effective for accounting periods beginning on or after 1 January 2009.

With effect from 1 January 2009, the Group adopted IAS 1 and HKAS 1 (Revised) "Presentation of Financial Statements" and presented items of income and expenses, and components of other comprehensive income in a single "Statement of Comprehensive Income".

Except for the above, there have not been any other New Standards that have significant impact on the Group's financial statements.

2. **Revenue**

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

3. **Net gain on disposal of motor vessel(s)**

The amount for the quarter ended 31 December 2009 represented the gain on completion of the disposal of one (2008: nil) motor vessel. Whereas the amount for the year ended 31 December 2009 represented the net gain on completion of the disposal of five (2008: three) motor vessels.

4. **Other operating income**

The other operating income for the year ended 31 December 2009 included an income of US$39,842,000 (2008: nil) received from a few counterparties to wash out foregoing time-charter contracts by mutual agreements.

The amount for the quarter and year ended 31 December 2009 also included a reversal of impairment loss of US$4,449,000 on leasehold properties whereas impairment loss of US$4,152,000 on leasehold properties was recognized as other operating expenses in the quarter and year ended 31 December 2008.

5. **Taxation**

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

6. **Earnings per share**

The calculation of basic earnings per share for the quarter ended 31 December 2009 is based on the net profit for the quarter of US$32,826,000 (2008: US$10,609,000) and the weighted average number of 84,045,341 (2008: 84,045,341) ordinary shares in issue during the quarter.

The calculation of basic earnings per share for the year ended 31 December 2009 is based on the net profit for the year of US$153,842,000 (2008: US$238,828,000) and the weighted average number of 84,045,341 (2008: 84,045,341) ordinary shares in issue during the year.

Diluted earnings per share is not shown as there is no potential ordinary share in issue in all relevant periods / years presented.

7. **Dividends**

	3 months ended 31/12/2009 (Unaudited) *US$'000*	3 months ended 31/12/2008 (Unaudited) *US$'000*	**Year ended 31/12/2009 (Unaudited) *US$'000***	Year ended 31/12/2008 (Audited) *US$'000*
Dividends recognized as distribution:				
- 2007 final dividend of US$0.16 per share	**-**	-	**-**	13,447
- 2008 interim dividend of US$0.27 per share	**-**	-	**-**	22,692
	-	-	**-**	36,139

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

8. **Pledged deposits**

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 relation to legal proceedings as mentioned in "Other Important Events Occurred in the Year" on page 15.

9. **Bank balances and cash**

	31/12/2009	31/12/2008
	(Unaudited)	(Audited)
	US$'000	*US$'000*
Cash and cash equivalents for condensed consolidated statement of cash flows purpose	**145,621**	76,445
Bank deposits with more than three months to maturity when placed	**1,000**	15,103
	146,621	91,548

10. **Comparative information**

Comparative information has been restated to conform to current period / year's presentation as a result of the adoption of IAS 1 and HKAS 1 (Revised).

DIVIDENDS

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2009. As there is no interim dividend payable during the year, there will be no dividend distribution for the whole year of 2009.

REVIEW OF OPERATIONS

Fourth Quarter 2009. The economic recovery in Asia-Pacific region has accelerated global commodity trades and provided strong support for charter rates. However, the dry bulk market continues to remain volatile and highly sensitive to Chinese government policies. Driven by solid demand from China for restocking coal and iron ore and seasonal demand for coal and grain in winter season, market charter rates continued to rebound in the fourth quarter of 2009. Baltic Dry Index ("BDI") opened at 2,220 points on 1 October 2009 and reached its peak of 4,661 points on 19 November 2009. Still, the dry bulk market clouded by the continued pressures from large newbuilding deliveries. The risk of inflation under trillions stimulus plans and the timing of withdrawing monetary stimulus policies by various governments pose uncertainties as to whether the current global economic recovery will be of temporary or persistent nature. The BDI was then in downward trend and closed at 3,005 at end of 2009.

In the fourth quarter, the Group reported revenue and net profit of US$82,680,000 and US$32,826,000 as comparing to US$105,543,000 and US$10,609,000 over the last corresponding quarter. Basic earnings per share for the quarter was US$0.3906 whereas US$0.1262 was reported in last corresponding quarter.

The Group's revenue for the quarter fell approximately 22% as compared to the last corresponding quarter due to lower revenue earned from time-charter contracts that were expired and renewed at relatively low charter rates. Simultaneously, the Group's shipping related expenses dropped 33% due to expiration of time-charter contracts of a few chartered-in fleet that were entered at relatively high charter rates. While there has been substantial impairment loss on trade receivables, impairment loss on leasehold properties and net loss on financial assets and financial liabilities at fair value through profit or loss recognized in the fourth quarter of 2008 but none of such losses has been incurred in current quarter, the Group's net profit for the quarter had tripled from US$10,609,000 a year ago to US$32,826,000.

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

	2009 Q4	2008 Q4	**2009**	2008
	US$	*US$*	***US$***	*US$*
Capesize	**75,134**	87,898	**77,950**	92,071
Panamax	**27,606**	31,859	**21,376**	46,269
Supramax / Handymax	**23,583**	31,046	**25,019**	34,312
In average	**28,626**	37,604	**30,149**	43,093

Upon the completion of the disposal of a Panamax in the fourth quarter of 2009, the Group has recognized a gain of US$8,388,000 on disposal of motor vessel and the Group's working capital and liquidity had been enhanced by the net sale proceeds (after repayment of vessel mortgage loan) of approximately US$24 million.

The Group's other operating income included a reversal of impairment loss of US$4,449,000 in respect of certain leasehold properties located in Hong Kong when the property market has rebounded strongly since late 2009.

Due to the expansion of the Group's owned fleet, the Group's depreciation and amortization for the quarter increased by 16% to US$8,839,000 as compared to the last corresponding quarter.

The finance costs for the quarter reduced by 73% to US$1,143,000 as compared to US$4,293,000 in last corresponding quarter due to the continued low interest rate policy pursued by the US Federal Government and the reduction in outstanding principals of loans under aggressive repayment schedules.

Year 2009. The dry bulk market environment was extremely challenging after the harsh hit of the financial turmoil at end of 2008. In early 2009, the global trade slump had resulted in oversupply of dry bulk fleet and low charter rates over all types of vessels in the sector. In order to alleviate the impact of the worst financial crisis, governments across the globe have supported their economies by injecting unprecedented amount of liquidity into financial systems and these government funding have turned into massive investments in infrastructure investments especially in China, India and other emerging economies. Since then, the demand for dry bulk commodities resumed in Asia-Pacific region reflected primarily, the persistent demand from China and secondly, traditional commodities importing countries like Korea and Japan. The dry bulk charter rates gradually improved and the BDI has recovered from 774 points on 1 January 2009 to 4,661 points on 19 November 2009 and closed at 3,005 at end of 2009.

The Group achieved revenue of US$349,340,000 and net profit of US$153,842,000 for year 2009 in the midst of financial crisis and the extremely tough environment in the dry bulk sector. Basic earnings per share for year 2009 was US$1.8305 whereas US$2.8417 was reported in 2008.

Comparing to year 2008, where global dry bulk market soared to record high but slumped unprecedentedly at end of year, the Group's revenue fell 26% from US$475,148,000 to US$349,340,000. It was mainly attributable to the non-performance of certain high earnings longer term time-charter contracts in early 2009 and low spot charter rates upon redeploying the relevant vessels into spot contracts. Hence, the Group's operating results was consequentially affected and the net profit for the year dropped 36% to US$153,842,000 when comparing to record net profit of US$238,828,000 for year 2008. Nevertheless, majority of our existing reputable charterers continued to honor the time-charter contracts that bring a stable earnings stream and a positive cashflow to the Group in 2009.

Under severe hit of the global economic turmoil, the Group encountered several charterers' delinquencies in contractual obligations under the time-charter contracts since late 2008. The Group has taken legal actions against these charterers for considerable damages and loss on non-performance of time-charter contracts. During the year, the Group had provided impairment loss of US$10,355,000 (2008: US$5,325,000) on trade receivables due from certain charterers who were exposed to financial or insolvency problems. Despite that impairment loss on trade receivables had doubled this year, the Group's other operating expenses dropped from US$24,964,000 for year 2008 to US$16,992,000 for year 2009. The decrease was mainly due to the absence of net loss on financial assets and financial liabilities at fair value through profit or loss (2008: US$8,176,000) and impairment loss on leasehold properties (2008: US$4,152,000) for the year.

On the contrary, the Group received an income of US$39,842,000 for year 2009 (2008: nil) from a few counterparties to wash out foregoing time-charter contracts by mutual agreements. The amount was recognized as other operating income in the condensed consolidated statement of comprehensive income.

During the year, the Group disposed five motor vessels in order to enhance our financial position as well as reduce future reliance on leverage. Upon the completion of the disposal of five motor vessels in 2009, the Group's working capital and liquidity had been enhanced by the net sale proceeds (after repayment of vessel mortgage loans) of approximately US$88 million while a net gain of US$8,504,000 on disposal of motor vessels was recognized in 2009. Excluding the net gain on disposal of motor vessels, the Group's net profit would have been US$145,338,000 for the year and US$176,042,000 for year 2008, representing a decrease of 17%.

The Group's shipping related expenses dropped 19% to US$180,177,000 for year 2009 as compared to US$222,353,000 for year 2008 mainly due to expiration of time-charter contracts with relatively high charter rates for a few chartered-in fleet. As at 31 December 2009, there were five chartered-in vessels in operation when comparing to nine chartered-in vessels operated as at 31 December 2008.

FINANCIAL REVIEW

The Group received an advance of approximately US$37,461,000 from a charterer in December 2009. As one of the credit risk mitigation measures, the Group secured majority of receipts from the charterer under the arrangement and hence agreed to grant a discount to the charterer with reference to the prevailing risk free deposit rate for a period from January 2010 to July 2011 over the original time-charter contract. Accordingly, the amounts of US$24,525,000 and US$12,936,000 were recognized as current and non-current portion of advance receipt respectively in the condensed consolidated statement of financial position as at 31 December 2009.

During the year ended 31 December 2009, upon financing of various vessel mortgage loans, receiving the net sale proceeds on completion of the disposal of five motor vessels and advance receipt, and offset by cash used to partially finance the delivery of eight additional vessels and installments paid for the newbuildings and the cash placed as pledged deposits for issuing a bank guarantee as mentioned on page 6, the total of the Group's equity and debt securities, bank balances and cash increased to US$158,151,000 (2008: US$95,890,000) and bank borrowings increased to US$462,376,000 (2008: US$444,869,000) as at 31 December 2009.

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 45% as at 31 December 2009 (2008: 68%). With cash and 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 ended 31 December 2009, capital expenditure on additions of the owned vessels and vessels under construction was US$290,649,000 (2008: US$341,152,000), and on other property, plant and equipment was US$546,000 (2008: US$11,319,000).

As at 31 December 2009, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately US$623,915,000 (2008: US$928,845,000), representing the Group's outstanding capital expenditure commitments to acquire nineteen newbuildings (2008: twenty six newbuildings and one second hand vessel) at a total purchase price of approximately US$867,027,000 (2008: US$1,208,205,000).

The above capital expenditure commitments included two Supramax newbuildings at a total original cost of US$33,820,000 and JPY3,590,500,000, which were contracted to be disposed to a third party at a total consideration of US$34,255,100 and JPY3,703,031,000 at their expected dates of delivery in October 2010 and August 2012 respectively.

FLEET

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

During the quarter, two newly built Supramaxes named as "Jin Mao" and "Jin Jun" were delivered to the Group while one disposed Panamax named as "Jin He" was delivered to the purchaser.

As at 31 December 2009, the Group had twenty four owned vessels which included one modern Panamax, twenty two 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 2009.

Fleet Details

The fleet details after the year ended 31 December 2009 and up to 25 February 2010 was as follows:

	Number of vessels						
	In operation			Newbuildings / New charters			
	Owned	Chartered	Subtotal	Owned [1]	Chartered	Subtotal	Total
Capesize Fleet							
As at 1 January 2010 and 25 February 2010	-	2	2	-	-	-	2
Post-Panamax Fleet							
As at 1 January 2010 and 25 February 2010	-	-	-	2	-	2	2
Panamax Fleet							
As at 1 January 2010 and 25 February 2010	1	1	2	1	-	1	3
Supramax / Handymax Fleet							
As at 1 January 2010 and 25 February 2010	23	2	25	13	-	13	38
Handysize Fleet							
As at 1 January 2010 and 25 February 2010	-	-	-	1	-	1	1
Total Fleet as at 25 February 2010	24	5	29	17	-	17	46

Note:

[1] Includes seventeen newbuildings ordered by the Group as at 25 February 2010, which we expected to take deliveries of two Post-Panamaxes and five Supramaxes in 2010, one Panamax and five 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 25 February 2010 was as follows:

Owned and Chartered-in Fleet – revenue covered:

		Unit	**2010**	**2011**
Capesize Fleet	Coverage	*%*	100	77
	Operating days covered	*Days*	730	551
	Daily TCE	*US$*	83,691	73,752
Panamax Fleet	Coverage	*%*	56	41
	Operating days covered	*Days*	409	348
	Daily TCE	*US$*	36,599	38,200
Supramax / Handymax Fleet	Coverage	*%*	62	32
	Operating days covered	*Days*	6,020	3,476
	Daily TCE	*US$*	28,623	33,740

Chartered-in Fleet – TCE cost:

		Unit	**2010**	**2011**
Capesize Fleet	Operating days	*Days*	730	730
	Daily TCE cost	*US$*	40,750	40,750
Panamax Fleet	Operating days	*Days*	365	259
	Daily TCE cost	*US$*	22,500	22,500
Supramax / Handymax Fleet	Operating days	*Days*	491	365
	Daily TCE cost	*US$*	30,290	36,000

OTHER IMPORTANT EVENTS OCCURRED IN THE YEAR

There is a dispute between Galsworthy Limited ("Galsworthy"), a wholly-owned subsidiary of the Company, and Parakou Shipping Pte Limited ("Parakou") in relation to the non-performance of a charterparty evidenced by a fixture recap ("the charterparty"). Galsworthy was the prospective disponent owner of one of the Group's vessels. It is Galsworthy's case that acting via its agent Goldbeam International Limited ("GIL"), also a wholly-owned subsidiary of the Company, it entered into the charterparty with Parakou in June 2008. The charterparty was arranged through Clarkson Asia Limited ("Clarkson") acting as sole shipbroker. Galsworthy claims that Parakou acted in repudiatory breach of the charterparty by refusing to take delivery of the vessel in March 2009 pursuant to the terms of the charterparty. As a result of the breach, Galsworthy is claiming about US$39.7 million together with interest and costs against Parakou in March 2009. Parakou disputes Galsworthy's claim; in particular it denies that a binding charterparty was ever concluded between Galsworthy and Parakou. The dispute has been referred to arbitration in London before a 3-man arbitral tribunal as per the arbitration clause of the charterparty.

Parakou has then commenced in rem and in personam actions against Jinkang Marine Inc. ("Jinkang Marine") and Goldbeam Shipping Inc. ("GSI") in July 2009 and August 2009 respectively in Hong Kong for an indemnity in respect of all sums, including interest and costs, which may be awarded against Parakou in the London arbitration which Galsworthy is pursuing against them. Both Jinkang Marine and GSI are wholly-owned subsidiaries of the Company. The alleged indemnity claim is advanced on the basis of certain representations said to have been made by either Jinkang Marine or GSI via Clarkson during the negotiation which has led to the conclusion of the charterparty between Galsworthy and Parakou. Jinkang Marine and GSI deny that Clarkson was acting on their behalf and they had made the alleged representations through Clarkson. For the purpose of obtaining security in support of their alleged indemnity claim in Hong Kong, Parakou has arrested another vessel of the Group in Richards Bay, South Africa through the peculiar associated ship arrest procedure there. As a result of the arrest, a bank guarantee backed by cash deposits of approximately US$44.4 million in favour of Parakou was provided in September 2009 to secure prompt release of that vessel.

Both legal proceedings in London and Hong Kong are still underway as of date of this report.

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 year 2009 has been characterized by extreme volatility for dry bulk shipping. Shipping companies have experienced one of the worst times during the early part of the year due, but within a very short timespan, an unexpectedly strong recovery also took place in the second half of 2009 due to a less than expected new vessel supply, as well as a pick up in economic activities due to a global concerted monetary easing policy by major governments which has been the major factor behind this strong recovery in activities. This pick up in economic activities has been primarily Asian biased, and was largely driven by China.

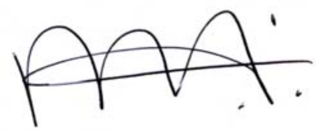
We remain cautious with 2010 where we expect further volatility and challenges in the dry bulk market due to i) uncertainty over the exit strategy of the current monetary easing policy of various governments, as well as their plan to reduce their fiscal deficits; ii) uncertainty in new vessel supply – the orderbook remains to be extremely high and it remains unknown as to whether those vessels that did not get delivered in 2009 were cancelled, or simply delayed; iii) dramatic increase in the number of larger size dry bulk carriers – we are particularly cautious of the larger size vessels given the size of the Capesize orderbook, and at the same time the increasing number of Very Large Ore Carriers ("VLOCs") which will cannibalize the market share of long haul iron ore transportation currently driven by Capesizes; and iv) unpredictable changes in China's economic policy and hence unexpected changes in China's raw materials import pattern.

We believe the seas will remain to be rough for a period of time going forward. 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 websites of Oslo Stock Exchange at www.newsweb.no and the Company at www.jinhuiship.com.

By Order of the Board



Ng Siu Fai
Chairman

26 February 2010

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