JINHUI SHIPPING

AND TRANSPORTATION LIMITED

Fourth Quarter Report for the Quarter Ended 31 December 2013

and

Preliminary Annual Results for the Year Ended 31 December 2013

HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2013

- Revenue for the year declined 7% to US$218 million
- Net profit for the year: US$25 million
- Basic earnings per share: US$0.302
- Gearing ratio as at 31 December 2013: 32%

FOR THE FOURTH QUARTER OF 2013

- Revenue for the quarter slightly increased 2% to US$56 million
- Net loss for the quarter : US$3 million
- Basic loss per share: US$0.034

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 year ended 31 December 2013.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Preliminary)

	Note	**3 months ended 31/12/2013 (Unaudited)**	3 months ended 31/12/2012 (Unaudited)	**Year ended 31/12/2013 (Unaudited)**	Year ended 31/12/2012 (Audited)
		US$'000	*US$'000*	***US$'000***	*US$'000*
Revenue	*2*	**56,374**	55,000	**217,502**	234,035
Other operating income	*3*	**12,627**	7,752	**34,355**	28,463
Interest income		**1,321**	1,025	**3,913**	4,651
Shipping related expenses	*4*	**(33,573)**	(30,838)	**(127,089)**	(146,984)
Staff costs		**(6,045)**	(6,715)	**(11,613)**	(11,653)
Impairment loss on assets held for sale	*5*	**(12,844)**	-	**(12,844)**	-
Other operating expenses		**(4,294)**	(2,610)	**(12,482)**	(7,454)
Operating profit before depreciation and amortization		**13,566**	23,614	**91,742**	101,058
Depreciation and amortization		**(14,826)**	(14,673)	**(59,412)**	(56,757)
Operating profit (loss)		**(1,260)**	8,941	**32,330**	44,301
Finance costs		**(1,622)**	(2,075)	**(6,931)**	(8,720)
Profit (Loss) before taxation		**(2,882)**	6,866	**25,399**	35,581
Taxation	*7*	**-**	-	**-**	-
Net profit (loss) and total comprehensive income (loss) for the period / year attributable to shareholders of the Company		**(2,882)**	6,866	**25,399**	35,581
Earnings (Loss) per share	*8*				
- Basic and diluted		**(US$0.034)**	US$0.082	**US$0.302**	US$0.423

Condensed Consolidated Statement of Financial Position (Preliminary)

	Note	**31/12/2013 (Unaudited) *US$'000***	31/12/2012 (Audited) *US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,064,266**	1,203,538
Investment properties		**3,513**	3,333
Available-for-sale financial assets	*10*	**373**	395
		1,068,152	1,207,266
Current assets			
Inventories		**4,509**	7,242
Trade and other receivables		**50,935**	48,804
Financial assets at fair value through profit or loss	*11*	**130,975**	76,020
Pledged deposits		**23,577**	19,776
Bank balances and cash	*12*	**78,671**	126,770
		288,667	278,612
Assets held for sale	*13*	**55,440**	-
		344,107	278,612
Total assets		**1,412,259**	1,485,878
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital		**4,202**	4,202
Reserves		**874,696**	849,297
Total equity		**878,898**	853,499
Non-current liabilities			
Secured bank loans		**402,498**	492,936
Current liabilities			
Trade and other payables		**40,367**	61,410
Provisions	*14*	**-**	8,660
Amount due to holding company		**58**	73
Secured bank loans		**90,438**	69,300
		130,863	139,443
Total equity and liabilities		**1,412,259**	1,485,878

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 2012	4,202	72,087	719	16,297	4,758	48	719,807	817,918
Net profit and total comprehensive income for the year	-	-	-	-	-	-	35,581	35,581
At 31 December 2012	4,202	72,087	719	16,297	4,758	48	755,388	853,499

	(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 2013	4,202	72,087	719	16,297	4,758	48	755,388	853,499
Net profit and total comprehensive income for the year	-	-	-	-	-	-	25,399	25,399
At 31 December 2013	**4,202**	**72,087**	**719**	**16,297**	**4,758**	**48**	**780,787**	**878,898**

Condensed Consolidated Statement of Cash Flows (Preliminary)

	Note	Year ended 31/12/2013 (Unaudited) US$'000	Year ended 31/12/2012 (Audited) US$'000
OPERATING ACTIVITIES			
Cash generated from operations		**32,997**	70,989
Interest paid		**(7,048)**	(8,720)
Net cash from operating activities		**25,949**	62,269
INVESTING ACTIVITIES			
Interest received		**3,358**	4,506
Decrease in bank deposits with more than three months to maturity when placed		**15,083**	11,595
Dividend income received		**1,082**	635
Purchase of property, plant and equipment		**(5,729)**	(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)
Net cash from (used in) investing activities		**14,136**	(99,579)
FINANCING ACTIVITIES			
New secured bank loans		**2,620**	94,058
Repayment of secured bank loans		**(71,920)**	(111,622)
Increase in pledged deposits		**(3,801)**	(11,882)
Net cash used in financing activities		**(73,101)**	(29,446)
Net decrease in cash and cash equivalents		**(33,016)**	(66,756)
Cash and cash equivalents at 1 January		**111,687**	178,443
Cash and cash equivalents at 31 December	*12*	**78,671**	111,687

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 ("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".

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. Other operating income

For the year 2013, other operating income included an income of US$8,733,000 relating to the elimination of impairment loss, previously recognized on a vessel under construction, upon termination of a newbuilding contract, and settlement income of US$5,416,000 from certain claims, including the partial settlement of claim for damages and losses against Korea Line Corporation ("KLC") by receiving cash and shares of KLC. These shares had been accounted for as financial assets at fair value through profit or loss as at 31 December 2013.

For the year 2012, the amount included settlement income of US$15,884,000 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 KLC by receiving shares of KLC and partial cash settlement. These shares had been accounted for as financial assets at fair value through profit or loss as at 31 December 2012.

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.

5. Impairment loss on assets held for sale

For the quarter and year ended 31 December 2013, impairment loss on assets held for sale of US$12,844,000 was recognized as a result of reclassification of two owned vessels to "Assets held for sale" under "Current assets". Please refer to note 13 for details.

6. Operating profit before depreciation and amortization

This is stated after charging / (crediting):

	3 months ended 31/12/2013 (Unaudited) *US$'000*	3 months ended 31/12/2012 (Unaudited) *US$'000*	**Year ended 31/12/2013 (Unaudited) *US$'000***	Year ended 31/12/2012 (Audited) *US$'000*
Impairment loss (Reversal of impairment loss) on trade receivables	**(182)**	(243)	**519**	(253)
Dividend income	**(291)**	(179)	**(1,143)**	(635)
Net gain on financial assets at fair value through profit or loss	**(788)**	(3,837)	**(3,230)**	(3,118)

7. Taxation

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

8. Earnings (Loss) per share

Basic and diluted loss per share for the quarter ended 31 December 2013 were calculated on the net loss for the quarter of US$2,882,000 (2012: net profit of US$6,866,000) and the weighted average number of 84,045,341 (2012: 84,045,341) ordinary shares in issue during the quarter.

Basic and diluted earnings per share for the year ended 31 December 2013 were calculated on the net profit for the year of US$25,399,000 (2012: US$35,581,000) and the weighted average number of 84,045,341 (2012: 84,045,341) ordinary shares in issue during the year.

9. Dividend

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2013 (2012: nil).

10. Available-for-sale financial assets

	31/12/2013 (Unaudited) US$'000	31/12/2012 (Audited) US$'000
Unlisted club membership, at fair value	**203**	203
Unlisted club membership, at cost	**170**	-
Unlisted investments, at cost less impairment loss	**-**	192
	373	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 13 and HKFRS 13. There was no transfer between Level 1, Level 2 and Level 3 during the year.

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.

11. Financial assets at fair value through profit or loss

	31/12/2013 (Unaudited) US$'000	31/12/2012 (Audited) US$'000
Held for trading or not qualifying as hedges		
Equity securities		
Listed equity securities	**55,426**	29,887
Debt securities		
Listed debt securities	**75,549**	25,396
Unlisted debt securities	**-**	20,737
	75,549	46,133
	130,975	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 13 and HKFRS 13. 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 13 and HKFRS 13. There was no transfer between Level 1, Level 2 and Level 3 on listed equity securities, listed and unlisted debt securities during the year.

12. Bank balances and cash

	31/12/2013 (Unaudited) US$'000	31/12/2012 (Audited) US$'000
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	**78,671**	111,687
Bank deposits with more than three months to maturity when placed	**-**	15,083
	78,671	126,770

13. Assets held for sale

By end of 2013, the Group has the intention to sell two of its owned vessels which are ready for sale and have been actively marketed at prices that are reasonable in relation to their current fair values. At the reporting date, these two vessels were reclassified to "Assets held for sale" under "Current assets" with recoverable amount of US$55,440,000, which were measured at the lower of the net book value of US$68,284,000 or estimated fair value less costs to sell of US$55,440,000. As a result, impairment loss of US$12,844,000 for these two vessels was recognized for the year 2013.

The fair value less costs to sell of these two owned vessels were estimated using observed prices for recent sales of similar vessels and were categorized as Level 2 of the three-level fair value hierarchy as defined under IFRS 13 and HKFRS 13.

14. Provisions

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

	31/12/2013 (Unaudited) US$'000	31/12/2012 (Audited) US$'000
At 1 January	**8,660**	7,087
Provision recognized	**-**	22,392
Provision utilized	**(8,660)**	(20,819)
At 31 December	**-**	8,660

15. Capital expenditures and commitments

During the year 2013, capital expenditure on additions of owned vessels and vessels under construction was US$5,598,000 (2012: US$111,661,000), and on other property, plant and equipment was US$131,000 (2012: US$639,000). During the year 2012, there was also capital expenditure on additions of investment properties of US$4,015,000.

At the reporting date, there was no capital expenditure commitments contracted by the Group but not provided for (2012: US$43,504,000).

16. Related party transactions

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

	3 months ended 31/12/2013 (Unaudited)	3 months ended 31/12/2012 (Unaudited)	**Year ended 31/12/2013 (Unaudited)**	Year ended 31/12/2012 (Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*
Salaries and other benefits	**5,202**	5,825	**7,482**	7,747
Contributions to retirement benefits schemes	**41**	34	**163**	135
	5,243	5,859	**7,645**	7,882

17. Event after the reporting date

Subsequent to the reporting date, the Group entered into agreements on 17 February 2014 to dispose two vessels, which were classified as assets held for sale, at a total consideration of US$56,000,000 to a purchaser, an independent third party, pursuant to the terms and conditions of the agreements. Both vessels are scheduled to be delivered to the purchaser on or before 31 March 2014. The Group expects that no material book loss will be recorded any further upon completion of the disposal of these two vessels in year 2014.

18. Comparative figures

Certain comparative figures have been included in order to conform to the presentation of current period / year.

DIVIDENDS

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2013. As there is no interim dividend payable during the year, there will be no dividend distribution for the whole year of 2013.

REVIEW OF OPERATIONS

Fourth Quarter of 2013. The Supramax and Handysize segments experienced steady earnings during the last quarter of the year, benefitting from higher activity in mineral shipments from Indonesia and higher grain export volume from the U.S. and Black Sea. Revenue for the fourth quarter of 2013 slightly increased by 2% to US$56,374,000 as compared to US$55,000,000 for the last corresponding quarter in 2012. The Group recorded a net loss of US$2,882,000 for the fourth quarter of 2013 as compared to a net profit of US$6,866,000 for the same quarter in 2012. Basic loss per share for the fourth quarter of 2013 was US$0.034 as compared to basic earnings per share of US$0.082 for the last corresponding quarter in 2012.

The net loss for the fourth quarter of 2013 was mainly attributable to the recognition of impairment loss on assets held for sale amounted to US$12,844,000 upon the reclassification of two owned vessels to "Assets held for sale" at the reporting date, and partly offset by the reduction in hire payments as two chartered-in vessels were redelivered to their respective owners in January 2013 and September 2013 respectively. The impairment loss is non-cash in nature and does not have impact on the operating cash flows of the Group.

By end of 2013, the Group has the intention to sell two of its owned vessels which are ready for sale and have been actively marketed at prices that are reasonable in relation to their current fair values. At the reporting date, two Supramaxes, namely "Jin Yang" and "Jin Ze", were reclassified to "Assets held for sale" under "Current assets" with recoverable amount of US$55,440,000, which were measured at the lower of the net book value of US$68,284,000 or estimated fair value less costs to sell of US$55,440,000. As a result, impairment loss of US$12,844,000 for these two vessels was recognized during the current quarter. In addition, all the liabilities (including outstanding bank borrowings) directly associated with these two vessels were reclassified from long term portion to current portion as at the reporting date.

Revenue for the fourth quarter of 2013 slightly increased by 2% to US$56,374,000 as compared to that of last corresponding quarter in 2012. Though there were improvements in the market freight rates in the last quarter of 2013, certain charter contracts of the Group's owned and chartered-in-vessels were entered into with charterers at relatively low freight rates, and less revenue was contributed from chartered-in-vessels as one chartered-in Capesize and one chartered-in Supramax were redelivered to their respective owners in January 2013 and September 2013 respectively.

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

	2013 Q4	2012 Q4	**2013**	2012
	US$	*US$*	***US$***	*US$*
Capesize Fleet	**13,400**	12,200	**13,202**	11,709
Post-Panamax / Panamax Fleet	**17,837**	15,227	**15,817**	15,238
Supramax / Handymax / Handysize Fleet	**13,680**	14,189	**13,424**	15,512
In average	**14,092**	14,187	**13,653**	15,292

Other operating income for the fourth quarter of 2013 increased from US$7,752,000 for the last corresponding quarter in 2012 to US$12,627,000. The increase for the quarter was partly attributable to a settlement income of claim for damages and losses against Korea Line Corporation ("KLC") by receiving cash and shares of KLC during the current quarter.

Shipping related expenses for the fourth quarter of 2013 slightly increased by 9% to US$33,573,000 as compared to US$30,838,000 for the last corresponding quarter in 2012. The increase was partly attributable to the increase in operating costs incurred in additional voyage charters being carried out during the current quarter, and partly offset by the reduction in hire payments as two chartered-in vessels were redelivered to their respective owners in January 2013 and September 2013 respectively.

Finance costs for the fourth quarter of 2013 decreased by 22% to US$1,622,000 as compared to US$2,075,000 for the last corresponding quarter in 2012. The decrease was mainly attributable to the reduction in average outstanding loan principal under aggressive loan repayment schedules.

Year 2013. Dry bulk freight rates improved overall in the year 2013 from the low levels of 2012, driven mainly by Chinese dry bulk imports and a recovery in global grain trade in the second half of the year. Dry bulk shipping market had showed a moderate improvement in the first eight months and then followed by noticeable improvements in market freight rates during rest of the year 2013. Values of the dry bulk vessels also recovered strongly to more rational level. Baltic Dry Index opened at around 700 points at beginning of the year, increased by around 1,400 points to 2,127 points in late September 2013, but dropped to 1,483 points in late November 2013, then climbed to its peak at 2,337 points in mid of December 2013, and finally closed at 2,277 points by end of 2013.

The Group's revenue for the year was US$217,502,000, decreased by 7% as compared to US$234,035,000 for the year 2012. The Group's net profit for the year was US$25,399,000 as compared to US$35,581,000 for the year 2012. Basic earnings per share for the year was US$0.302 while US$0.423 was reported in 2012.

Though there were improvements in the market freight rates during the year 2013, the drop in both the Group's revenue and operating results was partly attributable 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 their respective owners in January 2013 and September 2013 respectively. As an ongoing effort to ensure high level of safety and quality of our owned vessels, we also took the opportunity to perform more maintenance works during the year which would prove to be beneficial for future business.

Apart from the above, the drop in the Group's operating results was also partly attributable to the recognition of impairment loss on assets held for sale of US$12.8 million upon the reclassification of two owned vessels to "Assets held for sale", and partly offset by an exceptional income of US$8.7 million on elimination of impairment loss previously recognized on the vessel under construction.

During the year, there was an exceptional income amounted to US$8,733,000 arisen as a result of the elimination of impairment loss previously recognized on the vessel under construction upon termination of a newbuilding contract. A wholly-owned subsidiary of the Company had entered into a contract with a vendor in December 2007 for the acquisition of a Supramax at a purchase price of JPY4,500,000,000. It was further announced on 19 September 2013 that the acquisition of the said vessel would be terminated. Prior to the termination of the said contract, the carrying amount of vessel under construction recorded in the Group's financial statements was approximately US$17.3 million, being the prevailing direct costs of approximately US$26 million capitalized, net of an impairment loss of approximately US$8.7 million. Upon termination, an income of US$8,733,000 relating to the elimination of impairment loss previously recognized on that vessel under construction was included in other operating income for the year whereas the pre-delivery installments and relevant costs capitalized in "Vessel under construction" were reclassified as short term receivables at the reporting date. The Directors believe that the recorded receivables, inter alia, pre-delivery installments of JPY2,250,000,000 (approximately US$21 million) already paid by the Group, would be recoverable.

During the year, other operating income also included settlement income of US$5,416,000 from certain claims, including the partial settlement of claim for damages and losses against KLC by receiving cash and shares of KLC. These shares had been accounted for as financial assets at fair value through profit or loss as at 31 December 2013.

Shipping related expenses for the year 2013 dropped by 14% to US$127,089,000 as compared to US$146,984,000 for the year 2012. The decrease was mainly due to the reduction in hire payments of approximately US$18.7 million for chartered-in vessels for the year 2013 as compared to the year 2012 as two chartered-in vessels were redelivered to their respective owners in January 2013 and September 2013 respectively.

By end of 2013, the Group has the intention to sell two of its owned vessels which are ready for sale and have been actively marketed at prices that are reasonable in relation to their current fair values. At the reporting date, two Supramaxes, namely “Jin Yang” and “Jin Ze”, were reclassified to “Assets held for sale” under “Current assets” with recoverable amount of US$55,440,000 , which were measured at the lower of the net book value of US$68,284,000 or estimated fair value less costs to sell of US$55,440,000. As a result, impairment loss of US$12,844,000 for these two vessels was recognized for the year 2013. In addition, all the liabilities (including outstanding bank borrowings) directly associated with these two vessels were reclassified from long term portion to current portion as at the reporting date.

Subsequent to the reporting date, the Group entered into agreements on 17 February 2014 to dispose two vessels, namely “Jin Yang” and “Jin Ze”, which were classified as assets held for sale at a total consideration of US$56,000,000. Both vessels are scheduled to be delivered to the purchaser on or before 31 March 2014. The Group expects that no material book loss will be recorded any further upon completion of the disposal of these two vessels in year 2014.

Other operating expenses for the year 2013 increased to US$12,482,000 as compared to US$7,454,000 of the year 2012. The increase was partly attributable to the unrealized exchange loss on closing rate adjustments at the reporting date on certain Japanese Yen receivables upon termination of a newbuilding contract as mentioned above.

Depreciation and amortization for the year 2013 increased by 5% to US$59,412,000, as comparing to US$56,757,000 for the year 2012. The slight increase was due to the additions of three owned vessels during the year 2012 while depreciation for a full year had been accounted for in the year 2013.

Finance costs for the year decreased by 21% from US$8,720,000 in 2012 to US$6,931,000 in 2013. The decrease was mainly attributable to the reduction in average outstanding loan principal under aggressive loan repayment schedules.

FINANCIAL REVIEW

As at 31 December 2013, the total of the Group’s equity and debt securities, bank balances and cash increased to US$209,646,000 (2012: US$202,790,000) and bank borrowings decreased to US$492,936,000 (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 32% as at 31 December 2013 (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 31 December 2013, there was no capital expenditure commitments contracted by the Group but not provided for (2012: US$43,504,000).

During the year 2013, capital expenditure on additions of property, plant and equipment was US$5,729,000 (2012: US$112,300,000). During the year 2012, there was also capital expenditure on additions of investment properties of US$4,015,000.

FLEET

The Group's strategy is to maintain a young and modern fleet to serve the growing needs of our customers. As at 31 December 2013, the Group had thirty eight owned vessels (including two vessels held for sale) and operated a chartered-in Capesize.

Subsequent to the reporting date, the chartered-in Capesize had been redelivered to its owner in late January 2014, and the Group had entered into agreements in February 2014 to dispose two Supramaxes held for sale which are scheduled to be delivered to the purchaser in March 2014.

As at 27 February 2014, the Group had thirty eight owned vessels (including two Supramaxes held for sale) as follows:

	Number of owned vessels
Post-Panamax Fleet	2
Panamax Fleet	2
Supramax / Handymax Fleet	33
Handysize Fleet	1
Total Fleet	**38**

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 been an interesting year. The global economy showed some promising signs of improvement overall. U.S. and European countries seemed to slowly recover with more encouraging statistics in relation to economic growth. In China, the Government Leaders have focused on measures to reduce excessive price fluctuations of fixed asset investments and asset prices, maintain healthy credit growth, while introducing policies to generate stronger domestic consumption. China, the country that has been driving the most demand growth in dry bulk commodities has slowed down their import requirements until the second half of 2013 due to reducing stockpiles.

However, while the demand picture is getting better, we also see contradictory signs on the macro side. The U.S. Federal Reserve, while indicating that "large scale asset purchases" will be tapered soon which suggests that the imminent end of an extraordinary period of quantitative easing ("QE") is approaching, has further indicated that a low interest rate environment will continue.

This continuous contradictory environment has encouraged some investors to pour funds into higher risks assets, venturing into unfamiliar playing fields searching for one-off superior returns via appreciation in asset prices rather than steady long term reasonable returns.

In dry bulk shipping market, we noticed that availability of funding has returned strongly in recent months despite at higher costs, supporting another round of newbuildings orders as well as asset purchases. While we understand that some shipowners are investing into new tonnages under fleet renewal program in order to maintain competitive, we see a number of participants new to the industry placing newbuilding orders with a primary (if not only) objective of speculative gain in asset price appreciation, rather than working these supposedly revenue generating assets for long term positive cashflow.

Restoration of balance in shipping capacity versus demand in dry seaborne trade can only happen when non-competitive and non-profitable industry participants with lesser industry expertise, commitment and financial strength are forced to exit the market in time.

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

For 2014, 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

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