JINHUI HOLDINGS COMPANY LIMITED

金輝集團有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code : 137

OVERSEAS REGULATORY ANNOUNCEMENT

FOURTH QUARTER REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2011 AND
PRELIMINARY ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2011
OF
JINHUI SHIPPING AND TRANSPORTATION LIMITED

(This overseas regulatory announcement is made by Jinhui Holdings Company Limited in compliance with Rule 13.09(1) and 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)

Please refer to the attached announcement released on 28 February 2012 through the Oslo Stock Exchange by Jinhui Shipping and Transportation Limited ("Jinhui Shipping"), an approximately 54.77% owned subsidiary of Jinhui Holdings Company Limited, in accordance with the regulations of the Oslo Stock Exchange.

The principal accounting policies and methods of computation used in the preparation of the attached unaudited consolidated results of Jinhui Shipping and its subsidiaries are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

By Order of the Board
Jinhui Holdings Company Limited
Ng Siu Fai
Chairman

Hong Kong, 28 February 2012

As at date of this announcement, the Executive Directors of Jinhui Holdings Company Limited are Ng Siu Fai, Ng Kam Wah Thomas, Ng Ki Hung Frankie and Ho Suk Lin; and the Independent Non-executive Directors of Jinhui Holdings Company Limited are Cui Jianhua, Tsui Che Yin Frank and William Yau.

JINHUI SHIPPING

JINHUI SHIPPING
AND TRANSPORTATION LIMITED

JINHUI

FOURTH QUARTER REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2011
AND
PRELIMINARY ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2011

HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2011

- Revenue for the year: US$305 million
- Net profit for the year: US$62 million
- Basic earnings per share: US$0.733
- Gearing ratio as at 31 December 2011: 39%

HIGHLIGHTS FOR THE FOURTH QUARTER OF 2011

- Revenue for the quarter: US$64 million
- Net loss for the quarter: US$16 million
- Basic loss per share: US$0.187

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 2011.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (PRELIMINARY)

	Note	**3 months ended 31/12/2011 (Unaudited)**	3 months ended 31/12/2010 (Unaudited)	**Year ended 31/12/2011 (Unaudited)**	Year ended 31/12/2010 (Audited)
		US$'000	*US$'000*	***US$'000***	*US$'000*
Revenue	*2*	**63,899**	93,200	**305,196**	348,276
Other operating income	*3*	**4,364**	29,043	**17,273**	33,077
Interest income		**1,134**	863	**3,763**	2,122
Shipping related expenses	*4*	**(29,251)**	(37,230)	**(149,047)**	(131,037)
Staff costs		**(13,294)**	(20,784)	**(17,616)**	(24,631)
Impairment loss on owned vessels and vessels under construction	*5*	**(25,427)**	(74,033)	**(25,427)**	(74,033)
Other operating expenses		**(1,673)**	(12,679)	**(13,742)**	(18,251)
Operating profit (loss) before depreciation and amortization		**(248)**	(21,620)	**120,400**	135,523
Depreciation and amortization		**(13,441)**	(11,657)	**(51,609)**	(43,154)
Operating profit (loss)		**(13,689)**	(33,277)	**68,791**	92,369
Finance costs		**(2,055)**	(1,503)	**(7,223)**	(5,538)
Profit (Loss) before taxation		**(15,744)**	(34,780)	**61,568**	86,831
Taxation	*6*	**-**	-	**-**	-
Net profit (loss) for the period / year		**(15,744)**	(34,780)	**61,568**	86,831
Other comprehensive income					
Change in fair value of available-for-sale financial assets		**23**	13	**23**	13
Total comprehensive income (loss) for the period / year attributable to shareholders of the Company		**(15,721)**	(34,767)	**61,591**	86,844
Earnings (Loss) per share	*7*				
- Basic and diluted		**(US$0.187)**	(US$0.414)	**US$0.733**	US$1.033

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (PRELIMINARY)

	Note	31/12/2011 (Unaudited) US$'000	31/12/2010 (Audited) US$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,148,003**	1,073,705
Available-for-sale financial assets		**395**	372
		1,148,398	1,074,077
Current assets			
Inventories		**2,574**	418
Trade and other receivables		**46,230**	33,127
Financial assets at fair value through profit or loss		**58,580**	59,748
Pledged deposits		**7,894**	12,328
Bank balances and cash	*9*	**205,121**	205,174
		320,399	310,795
Total assets		**1,468,797**	1,384,872
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital		**4,202**	4,202
Reserves		**813,716**	752,125
Total equity		**817,918**	756,327
Non-current liabilities			
Secured bank loans		**513,211**	498,619
Current liabilities			
Trade and other payables		**71,160**	72,828
Due to holding company		**45**	50
Secured bank loans		**66,463**	57,048
		137,668	129,926
Total equity and liabilities		**1,468,797**	1,384,872

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (PRELIMINARY)

	Issued capital (Audited)	Share premium (Audited)	Capital redemption reserve (Audited)	Contributed surplus (Audited)	Employee share-based compensation reserve (Audited)	Reserve for available-for-sale financial assets (Audited)	Retained profits (Audited)	Total equity (Audited)
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2010	4,202	72,087	719	16,297	4,758	12	571,408	669,483
Net profit for the year	-	-	-	-	-	-	86,831	86,831
Other comprehensive income for the year	-	-	-	-	-	13	-	13
Total comprehensive income for the year	-	-	-	-	-	13	86,831	86,844
At 31 December 2010	4,202	72,087	719	16,297	4,758	25	658,239	756,327
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2011	4,202	72,087	719	16,297	4,758	25	658,239	756,327
Net profit for the year	-	-	-	-	-	-	61,568	61,568
Other comprehensive income for the year	-	-	-	-	-	23	-	23
Total comprehensive income for the year	-	-	-	-	-	23	61,568	61,591
At 31 December 2011	**4,202**	**72,087**	**719**	**16,297**	**4,758**	**48**	**719,807**	**817,918**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (PRELIMINARY)

	Note	**Year ended 31/12/2011 (Unaudited)**	Year ended 31/12/2010 (Audited)
	Note	***US$'000***	*US$'000*
OPERATING ACTIVITIES			
Cash generated from operations		**125,401**	138,389
Interest paid		**(6,901)**	(5,457)
Net cash from operating activities		**118,500**	132,932
INVESTING ACTIVITIES			
Interest received		**3,514**	1,959
Increase in bank deposits with more than three months to maturity when placed		**(11,678)**	(14,000)
Dividend income		**528**	185
Purchase of property, plant and equipment		**(151,415)**	(223,867)
Proceeds from disposal of property, plant and equipment		**379**	411
Net cash used in investing activities		**(158,672)**	(235,312)
FINANCING ACTIVITIES			
New secured bank loans		**86,575**	163,780
Repayment of secured bank loans		**(62,568)**	(70,489)
Decrease in pledged deposits		**4,434**	53,642
Net cash from financing activities		**28,441**	146,933
Net increase (decrease) in cash and cash equivalents		**(11,731)**	44,553
Cash and cash equivalents at the beginning of year		**190,174**	145,621
Cash and cash equivalents at the end of year	*9*	**178,443**	190,174

NOTES (PRELIMINARY):

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and have not been reviewed by our auditor, Grant Thornton Jingdu Tianhua. The accounting policies and basis of preparation adopted in these interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2010.

2. Revenue

The Group is principally engaged in the businesses of ship chartering and ship owning which are carried out internationally. Revenue represents chartering freight and hire income arising from the Group’s owned and chartered-in vessels.

3. Other operating income

The other operating income for the year 2011 included an income of US$3,149,000 as compensation from a charterer for early redelivery of a chartered-in Capesize. There was no such compensation income recognized in 2010.

The other operating income for the fourth quarter and year 2010 included a settlement income of US$26,000,000 in relation to two legal proceedings with Grand China Logistics Holding (Group) Co., Ltd (“GCL”) and a GCL group company. Under the settlement agreement entered into with GCL in 2010, the Group shall withdraw the legal proceedings against GCL and its group company for the breach of time-charter contracts in 2009 upon receiving the settlement sum. As at 31 December 2011, the outstanding settlement sum was approximately US$5 million.

4. Shipping related expenses

The shipping related expenses for the year 2011 included a provision for loss on charter hire of US$7,087,000, being the expected economic benefits derived from two time-charter contracts to be expired in early 2012 less the fixed costs under two long term chartered-in contracts. There was no such provision recognized in last year.

The shipping related expenses for the fourth quarter dropped from US$37,230,000 in 2010 to US$29,251,000 in 2011 mainly due to the drop in hire payment upon expiration of a chartered-in vessel, and partially offset by rising costs on spare parts and consumables attributed by the expansion of owned fleet.

5. Impairment loss on owned vessels and vessels under construction

Amid the oversupply of tonnage capacity and slowing demand for dry bulk commodities, a decline in market freight rates as well as market value of dry bulk vessels was resulted in late December 2011, which suggested that the carrying amounts of the Group’s owned vessels and vessels under construction may or may not be recoverable. Accordingly, the management cautiously performed an impairment review and concluded that an impairment loss of US$25,427,000 (2010: US$74,033,000) on owned vessels and vessels under construction was necessary in 2011.

6. Taxation

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

7. Earnings (Loss) per share

Basic and diluted loss per share for the quarter ended 31 December 2011 are calculated on the net loss for the quarter of US$15,744,000 (2010: US$34,780,000) and the weighted average number of 84,045,341 (2010: 84,045,341) ordinary shares in issue during the quarter.

Basic and diluted earnings per share for the year ended 31 December 2011 are calculated on the net profit for the year of US$61,568,000 (2010: US$86,831,000) and the weighted average number of 84,045,341 (2010: 84,045,341) ordinary shares in issue during the year.

8. Dividend

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2011 (2010: nil).

9. Bank balances and cash

	31/12/2011 (Unaudited) ***US$'000***	31/12/2010 (Audited) *US$'000*
Cash and cash equivalents for condensed consolidated statement of cash flows purpose	**178,443**	190,174
Bank deposits with more than three months to maturity when placed	**26,678**	15,000
	205,121	205,174

DIVIDENDS

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2011 (2010: nil). As there is no interim dividend payable during the year, there will be no dividend distribution for the whole year of 2011.

REVIEW OF OPERATIONS

Fourth Quarter of 2011. At the start of the fourth quarter, dry bulk market freight rates trended upwards with the support of higher demand for dry bulk commodities transportation in the traditional winter season. Baltic Dry Index ("BDI") opened at 1,899 points on 1 October 2011, mounted to the highest of the year at 2,173 points on 14 October 2011. However, the upswing subsided as the tonnage supply outpaced market demand, with the deteriorating Eurozone sovereign debt crisis took toll on credit markets and real economies across the globe at end of the year halted the hopes of many over a sustainable recovery of the dry bulk market. The BDI softened and closed at 1,738 points at end of 2011, prior to another collapse to its 25-year record low in early 2012.

Amid the oversupply of dry bulk vessels, market freight rates declined at end of the year as China's importing activities had been slowing down apparently, and a sustainable global economic recovery led by Asian countries became questionable. The market value of dry bulk vessels further corrected, resulting a decline in intrinsic values of our fleet. Accordingly, the management cautiously performed an impairment review and concluded that an impairment loss of US$25,427,000 (2010: US$74,033,000) on owned vessels and vessels under construction was necessary in 2011. The impairment loss is non-cash in nature and does not have impact on the operating cash flows of the Group.

As a result of the hit of the impairment loss on owned vessels and vessels under construction, the Group recorded a net loss of US$15,744,000 for the fourth quarter of 2011, comparing to a net loss of US$34,780,000 for the last corresponding quarter. Basic loss per share was US$0.187 for the fourth quarter of 2011 as compared to US$0.414 for the last corresponding quarter.

Revenue for the quarter was US$63,899,000, representing a decrease of 31% from US$93,200,000 in last corresponding quarter. As our fleet was redeployed in the spot market at lower charter rates upon expiration of its respective charter contracts, we saw overall drop in the average daily time charter equivalent rates ("TCE") in particular Capesize fleet. Two Capesizes were chartered-out at fairly low charter rates after the previous charter contracts were terminated in early 2011.

The shipping related expenses for the fourth quarter dropped 21% from US$37,230,000 in 2010 to US$29,251,000 in 2011 mainly due to the drop in hire payment upon expiration of a chartered-in vessel, and partially offset by rising costs on spare parts and consumables attributed by the expansion of owned fleet. The average number of owned vessels in operation in the fourth quarter of 2011 increased to thirty four vessels, as compared to thirty vessels in the last corresponding quarter. The average number of chartered-in vessels in operation decreased from five vessels in the fourth quarter of 2010 to four vessels in current quarter. The Group strives to maintain a low operating cost structure by keeping a young and cost-efficient fleet with average vessel age currently at five years.

Depreciation and amortization for the fourth quarter was US$13,441,000 as compared to US$11,657,000 for the last corresponding quarter. The increase was mainly attributed to the expansion of owned fleet and relatively higher contract price of recently delivered owned vessels.

Year 2011. Year 2011 had been a volatile and tough year for dry bulk shipping market, reflecting a generally weak macro-economic backdrop. Dry bulk shipping market was negatively impacted by the slowdown in importing activities of China in 2011 under the government's efforts to cool down the inflation and the overheating economy. Unfortunate natural disasters in Japan and Australia during the year added further pressure to the weaker dry seaborne trade. The imminent collapse of a major Korean shipping company began to spread ripple effect across the shipping market in early 2011. Increasing company or charterparty defaults were seen in the market and a number of vessels were re-entered into the market at depressed rates and intensified the overcapacity of dry bulk vessels. The BDI recorded a sharp fall from 1,773 points at the beginning of the year to the lowest of 1,043 points on 4 February 2011.

The shipping market bounced back to an encouraging level in the mid of the year, which was supported by firm demand for dry bulk commodities and dry bulk carriers from China and other Asian countries. Traditional seasonal demands augmented by the supply-side bottleneck caused by increasing demolitions of older tonnages and port congestions / disruptions also contributed to the temporary uptick of the BDI. The BDI climbed to the highest of the year at 2,173 points on 14 October 2011 before the next fall.

While the U.S. was still struggling in political arguments on debt ceiling and deficit reduction, European sovereign debt crisis abruptly deteriorated in the second half of the year and negative sentiment spread across the stock market to dry bulk shipping market under the contagion effect over the deteriorating Eurozone sovereign debt crisis. Against this macro-economic backdrop, the underlying fundamentals in dry bulk shipping market became more vulnerable to the overcapacity challenge. With contracted market demand, particularly from China, shipping companies faced the tremendous pressure as new tonnages delivery further intensified fierce competition within the sector. The BDI softened and closed at 1,738 points at end of 2011, prior to another collapse to its 25-year record low in early 2012.

The Group recorded revenue of US$305,196,000 and net profit of US$61,568,000 for the year in the midst of harsh business environment, comparing to US$348,276,000 and US$86,831,000 for last year. Basic earnings per share was US$0.733 in 2011 as compared to US$1.033 in 2010.

Pursuant to a weakening chartering market, the Group's revenue for the year dropped 12% from US$348,276,000 in 2010 to US$305,196,000 in 2011. Revenue contributed from expanded owned Supramax fleet was offset by decreased revenue earned from fewer chartered-in vessels, and lower charter rates upon redeployment of our fleet in the market upon contract renewal. In addition, two Capesize chartered-out contracts were terminated in early 2011, including a high earning long term time-charter contract with Korea Line Corporation ("KLC") which filed protective receivership in Korea in February 2011. Both chartered-in Capesizes were subsequently chartered-out at operating loss.

Together with the chartered-in Capesize redelivered from KLC in March 2011, the Group recognized a provision for loss on charter hire which was calculated based on the expected economic benefits derived from two spot chartered-out contracts less the fixed costs under two Capesizes' long term chartered-in contracts. At the reporting date, provision for loss on charter hire of US$7,087,000 was included in shipping related expenses.

The Group received an income of US$3,149,000 as compensation from a charterer for early redelivery of one of the abovementioned chartered-in Capesizes prior to expiry of the charter period and included in other operating income.

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

	2011 Q4	2010 Q4	**2011**	2010
	US$	*US$*	***US$***	*US$*
Capesize	**9,594**	82,551	**35,532**	83,678
Post-Panamax / Panamax	**16,219**	26,473	**19,660**	28,982
Supramax / Handymax	**18,309**	24,803	**21,224**	25,131
In average	**17,662**	28,270	**21,785**	29,102

The shipping related expenses rose from US$131,037,000 in 2010 to US$149,047,000 in 2011. The increase is attributable to the higher crew expenses and rising costs on spare parts and consumables due to the expansion of owned fleet and higher bunker expenses which mainly incurred in certain voyage charters being carried out in the year, and partially offset by the drop in hire payment upon expiration of a chartered-in vessel. The average number of owned vessels in operation in 2011 increased to thirty four vessels, as compared to twenty eight vessels in 2010 while the average number of chartered-in vessels in operation decreased from five vessels in 2010 to four vessels in 2011.

The Group's operating results for the year was also negatively impacted by the impairment loss on owned vessels and vessels under construction of US$25,427,000 (2010: US$74,033,000) and the recognition of fair value loss on investment portfolio, predominantly in equity securities listed in Hong Kong, of US$5,699,000 (2010: US$351,000) for the year, as major global stock markets plunged in September 2011 sparked by the deteriorating Eurozone sovereign debt crisis and remain subdued at end of the year.

Depreciation and amortization for the year was US$51,609,000 as compared to US$43,154,000 for last year. The increase was mainly due to the expansion of owned fleet and relatively higher contract price of recently delivered owned vessels.

Finance costs for the year rose from US$5,538,000 in 2010 to US$7,223,000 in 2011. The increase in finance costs was due to a higher number of owned vessels, with loan facilities for the recently delivered owned vessels being agreed at higher loan interest margin than older loan facilities.

FINANCIAL REVIEW

During the year, upon financing of various vessel mortgage loans, and offset by cash used to partially finance the delivery of four additional vessels and installments paid for the newbuildings, the total of the Group's equity and debt securities, bank balances and cash decreased to US$263,701,000 (2010: US$264,922,000) and bank borrowings increased to US$579,674,000 (2010: US$555,667,000) as at 31 December 2011.

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, was 39% as at 31 December 2011 (2010: 38%). With cash, marketable equity and debt securities in hand as well as available credit facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

During the year, capital expenditure on additions of the owned vessels and vessels under construction was US$149,081,000 (2010: US$221,580,000), and on other property, plant and equipment was US$2,337,000 (2010: US$2,289,000).

As at 31 December 2011, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately US$157,325,000 (2010: US$301,204,000), representing the Group's outstanding capital expenditure commitments to acquire five (2010: nine) newbuildings at total contract price of US$35,000,000 and JPY16,221,000,000 (2010: US$81,500,000 and JPY29,301,000,000).

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

OTHER IMPORTANT EVENTS

Regarding the legal proceedings between the subsidiaries of the Company and Parakou Shipping Pte Limited (“Parakou”) in London and Hong Kong in relation to the non-performance of a charterparty as mentioned in the last published annual report, the followings are the updates of the legal proceedings:

The arbitral tribunal in London issued and published its First Arbitration Award in August 2010 ruling that there was a binding contract between Galsworthy Limited (“Galsworthy”), a subsidiary of the Company, and Parakou and that Parakou was in repudiatory breach of charterparty by refusing to take delivery of the vessel. The tribunal awarded that Galsworthy was entitled to receive US$2.7 million from Parakou as partial damage. Parakou did not appeal against the Award. On 18 March 2011, Parakou was entered into a voluntary winding up process in Singapore. The Second Arbitration Award was granted by the arbitral tribunal in May 2011 and Galsworthy was entitled to receive US$38.6 million together with interest and costs as legally recoverable damages flowing from Parakou's repudiatory breach of charterparty.

On the other hand, the legal proceeding filed by Parakou against the subsidiaries of the Company in Hong Kong was struck out in April 2011. In addition to the release of majority security money of US$42.9 million to the Group in November 2010, Mr. Justice REYES of the Court of First Instance of the High Court of Hong Kong further ordered a release of the remaining security money of US$1.5 million held in the High Court of Hong Kong in May 2011. Such security money had been received in June 2011 and the legal proceedings were completed.

As Parakou is now under voluntary winding up process, the management considers that the recoverability of the sum of awards of US$41.3 million together with interest and costs is rather uncertain, and such claim income will not be accounted for in the Group’s financial statements as its recoverability remains to be extremely challenging. Notwithstanding the above, Galsworthy will continue to enforce the awards against Parakou and related individuals and parties.

One of the Group’s chartered-in Capesizes was chartered to Korea Line Corporation (“KLC”) under a five-year time-charter contract with expiry in 2014. In early 2011, KLC filed for protective receivership in Korea and received court approval from Seoul Central District Court on 15 February 2011. KLC had ceased payment of charter hire since February 2011 and submitted a notice of termination of time-charter contract to the Group in March 2011. Then, the Group filed a claim against KLC to Seoul Central District Court in March 2011 for the unpaid hire and damages and loss on early termination of the time-charter contract. An agreement has been reached in July 2011 in order to confirm liability and ascertain the nature and quantum of the claim which includes the loss for the damages for early termination of the time-charter contract in the amount of US$37.7 million. The terms of the agreement were approved by the Korean Court in August 2011. On 29 July 2011, the Receivers of KLC submitted a proposed rehabilitation plan for the approval of the creditors and confirmation by the Korean Court. The plan had failed to receive the required support from the creditors during the creditors meeting on 23 September 2011 but was later approved by the creditors and confirmed by the Korean Court after re-voting on 14 October 2011. So far as the unsecured claim is concerned, the plan comprised of cash payments spanning through a period between 2012 and 2021 for settling part of the debt and conversion of the remaining debt to shares of KLC.

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 2011, the Group had thirty five owned vessels which included two modern Post-Panamaxes, two modern Panamaxes, thirty modern grabs fitted Supramaxes and one Handymax.

Apart from the owned vessels, the Group operated four chartered-in vessels which included two Capesizes and two Supramaxes as at 31 December 2011.

Subsequent to the quarter ended 31 December 2011, a newly built Supramax named as "Jin Ze" was delivered to the Group on 17 February 2012.

Fleet Details

The fleet details after the year ended 31 December 2011 and up to 27 February 2012 were as follows:

	Number of vessels						
	In operation			Newbuildings / New charters			
	Owned	Chartered	Subtotal	Owned [1]	Chartered	Subtotal	Total
Capesize Fleet							
As at 1 January 2012 and 27 February 2012	-	2	2	-	-	-	2
Post-Panamax Fleet							
As at 1 January 2012 and 27 February 2012	2	-	2	-	-	-	2
Panamax Fleet							
As at 1 January 2012 and 27 February 2012	2	-	2	-	-	-	2
Supramax / Handymax Fleet							
As at 1 January 2012	31	2	33	3	-	3	36
Newbuilding delivery	1	-	1	(1)	-	(1)	-
As at 27 February 2012	32	2	34	2	-	2	36
Handysize Fleet							
As at 1 January 2012 and 27 February 2012	-	-	-	1	-	1	1
Total Fleet							
As at 27 February 2012	36	4	40	3	-	3	43

Note:

1 Includes three newbuildings ordered by the Group as at 27 February 2012, which we expected to take deliveries of one Supramax 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 27 February 2012 was as follows:

Owned and Chartered-in Fleet – revenue covered:

		Unit	2012	2013
Capesize Fleet	Coverage	*%*	32	-
	Operating days covered	*Days*	236	-
	Daily TCE	*US$*	10,748	-
Post-Panamax / Panamax Fleet	Coverage	*%*	42	25
	Operating days covered	*Days*	615	360
	Daily TCE	*US$*	26,319	38,200
Supramax / Handymax Fleet	Coverage	*%*	49	20
	Operating days covered	*Days*	6,007	2,530
	Daily TCE	*US$*	22,108	32,763

Chartered-in Fleet – TCE cost:

		Unit	2012	2013
Capesize Fleet	Operating days	*Days*	732	466
	Daily TCE cost	*US$*	40,750	42,591
Supramax Fleet	Operating days	*Days*	457	300
	Daily TCE cost	*US$*	31,569	36,000

RISK FACTORS

This report may contain forward looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including the Company's management's examination of historical operating trends. Although the Company believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties which are difficult or impossible to predict and are beyond its control, the Company cannot give assurance that it will achieve or accomplish these expectations, beliefs or targets.

Key risk factors that could cause actual results to differ materially from those discussed in this report will include but not limited to the way world economies, currencies and interest rate environment may evolve going forward, general market conditions including fluctuations in charter rates and vessel values, counterparty risk, changes in demand in the dry bulk market, changes in operating expenses including bunker prices, crewing costs, drydocking and insurance costs, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents, piracy or political events, and other important factors described from time to time in the reports filed by the Company.

OUTLOOK

The freight market has been persistently weak throughout the year 2011 when China reduced its government stimulus package, stepped up its efforts to combat inflation, and cool down the domestic real estate market by restricting lending. We expect the freight market to remain challenging in 2012 as we enter the critical period of high newbuilding deliveries.

The imbalance of supply versus demand of vessels will remain to be a main theme in 2012. Scrapping of old tonnages has increased in 2011, but remained to be insufficient in terms of providing positive support to the freight market. Excess shipbuilding capacity remains to be a risk.

The recent developments of the European sovereign debt crisis suggests that the situation have somewhat eased, but we believe uncertainty remains; the U.S. economy looks to be in better shape than before but economic growth remains to be weak. Growth of Asian economies also showed some weaknesses and hence we are already seeing slight loosening of monetary policies from certain Asian governments. Despite an overall easing monetary and low interest rate environment, we see global lenders remain to be very cautious with lending. With limited credit towards investments, economic growth is likely to remain fragile. Lower economic growth is never good for shipping, and today's shipping markets pose even more challenges given a backdrop of overwhelming oversupply in tonnages, shipbuilding capacity and low demand growth.

In late 2011, we revealed a default in respect of non-payment of hire and settlement agreement sum from a major Chinese shipping company. We took legal actions and successfully reclaimed our rights and benefits under those arbitration awards. We received total amounts of outstanding hire and settlement sum including interest thereon under those arbitration awards in early 2012, with outstanding claim against this same company which we target to further recover in due course. Nevertheless, in such tough operating environment, we expect further company defaults and rising counterparty risk ahead but we will continue to take appropriate legal and commercial actions to enforce performance of contractual obligations under each contract and honor business ethics according to the terms of contracts. On the positive side, there will be interesting opportunities for those who have saved their bullets in the past years to look at possible asset acquisitions going forward, albeit on a very selective basis and with careful due diligence given the varying quality of shipping assets that we expect will become available for sale in the market.

We continue to see uncertainties with respect to the global economic outlook especially that of the U.S. and Europe, where their traditional consumption and investment patterns have been heavily disrupted. We believe inflationary pressure continues to be a key risk given the continuous increase in money supply. We believe this uncertain and unsynchronized macro and industry backdrop will remain to be fluid and complex going forward. We will therefore continue to remind ourselves of the rainy days and continue to run our business in “cautious mode”.

As we see conflicting economic and industry indicators, we will continue to operate with a conservative and nimble mindset, maintain a first class modern fleet to better serve our customers, seek revenue stability by working with credible counterparties, and further strengthen our financial position with reduction of debt as our top priorities to ensure the long term success of the Company.

PUBLICATION OF FINANCIAL INFORMATION

This report is available on the website of the Company at www.jinhuiship.com and the NewsWeb of the Oslo Stock Exchange at www.newsweb.no.

By Order of the Board

Ng Siu Fai
Chairman

28 February 2012

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