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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

FIRST QUARTER REPORT
FOR THE QUARTER ENDED 31 MARCH 2012
OF
JINHUI SHIPPING AND TRANSPORTATION LIMITED

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

Please refer to the attached announcement released on 30 May 2012 through the Oslo Stock Exchange by Jinhui Shipping and Transportation Limited ("Jinhui Shipping"), an approximately 54.77% owned subsidiary of Jinhui Holdings Company Limited, in accordance with the regulations of the Oslo Stock Exchange.

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

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

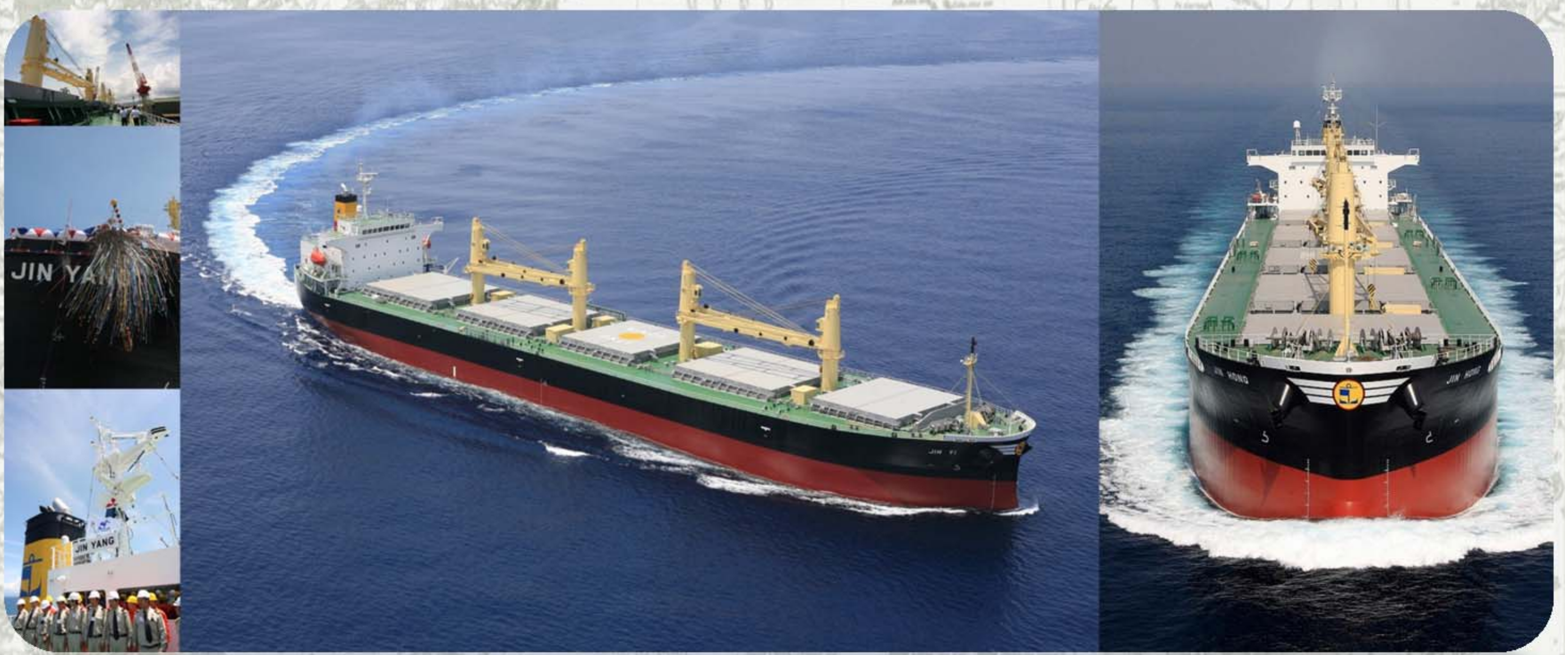
Hong Kong, 30 May 2012

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

JINHUI SHIPPING
AND TRANSPORTATION LIMITED

FIRST QUARTER REPORT

FOR THE QUARTER ENDED
31 MARCH 2012



HIGHLIGHTS

FOR THE FIRST QUARTER OF 2012

- Revenue for the quarter dropped 33% to US$59 million
- Net profit for the quarter declined 75% to US$9 million
- Basic earnings per share: US$0.105
- Gearing ratio as at 31 March 2012: 38%

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 ended 31 March 2012.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**3 months ended 31/3/2012 (Unaudited) *US$'000***	3 months ended 31/3/2011 (Unaudited) *US$'000*	Year ended 31/12/2011 (Audited) *US$'000*
Revenue	2	**58,522**	86,975	305,196
Other operating income		**3,846**	5,658	17,273
Interest income		**1,230**	857	3,763
Shipping related expenses	3	**(35,338)**	(38,222)	(149,047)
Staff costs		**(1,613)**	(1,419)	(17,616)
Impairment loss on owned vessels and vessels under construction		**-**	-	(25,427)
Other operating expenses		**(2,143)**	(4,614)	(13,742)
Operating profit before depreciation and amortization		**24,504**	49,235	120,400
Depreciation and amortization		**(13,464)**	(12,020)	(51,609)
Operating profit		**11,040**	37,215	68,791
Finance costs		**(2,202)**	(1,540)	(7,223)
Profit before taxation		**8,838**	35,675	61,568
Taxation	4	**-**	-	-
Net profit for the period / year		**8,838**	35,675	61,568
Other comprehensive income				
Change in fair value of available-for-sale financial assets		**-**	-	23
Total comprehensive income for the period / year attributable to shareholders of the Company		**8,838**	35,675	61,591
Earnings per share	5			
- Basic and diluted		**US$0.105**	US$0.424	US$0.733

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31/3/2012 (Unaudited) US$'000	31/3/2011 (Unaudited) US$'000	31/12/2011 (Audited) US$'000
ASSETS				
Non-current assets				
Property, plant and equipment		**1,159,661**	1,102,235	1,148,003
Available-for-sale financial assets		**395**	372	395
		1,160,056	1,102,607	1,148,398
Current assets				
Inventories		**1,318**	3,284	2,574
Trade and other receivables		**44,386**	38,970	46,230
Financial assets at fair value through profit or loss		**66,543**	66,568	58,580
Pledged deposits		**9,549**	12,346	7,894
Bank balances and cash	7	**200,049**	203,758	205,121
		321,845	324,926	320,399
Total assets		**1,481,901**	1,427,533	1,468,797
EQUITY AND LIABILITIES				
Capital and reserves				
Issued capital		**4,202**	4,202	4,202
Reserves		**822,554**	787,800	813,716
Total equity		**826,756**	792,002	817,918
Non-current liabilities				
Secured bank loans		**514,386**	502,963	513,211
Current liabilities				
Trade and other payables	8	**71,895**	72,739	71,160
Due to holding company		**41**	34	45
Secured bank loans		**68,823**	59,795	66,463
		140,759	132,568	137,668
Total equity and liabilities		**1,481,901**	1,427,533	1,468,797

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital	Share premium	Capital redemption reserve	Contributed surplus	Employee share-based compensation reserve	Reserve for available-for-sale financial assets	Retained profits	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2011	4,202	72,087	719	16,297	4,758	25	658,239	756,327
Net profit and total comprehensive income for the period	-	-	-	-	-	-	35,675	35,675
At 31 March 2011	4,202	72,087	719	16,297	4,758	25	693,914	792,002
At 1 January 2012	4,202	72,087	719	16,297	4,758	48	719,807	817,918
Net profit and total comprehensive income for the period	-	-	-	-	-	-	8,838	8,838
At 31 March 2012	**4,202**	**72,087**	**719**	**16,297**	**4,758**	**48**	**728,645**	**826,756**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	**3 months ended 31/3/2012 (Unaudited)**	3 months ended 31/3/2011 (Unaudited)	Year ended 31/12/2011 (Audited)
		US$'000	*US$'000*	*US$'000*
OPERATING ACTIVITIES				
Cash generated from operations		**19,389**	32,876	125,401
Interest paid		**(2,152)**	(1,516)	(6,901)
Net cash from operating activities		**17,237**	31,360	118,500
INVESTING ACTIVITIES				
Interest received		**872**	597	3,514
Decrease (Increase) in bank deposits with more than three months to maturity when placed		**(8,405)**	10,000	(11,678)
Dividend income received		**69**	14	528
Purchase of property, plant and equipment		**(25,130)**	(40,550)	(151,415)
Proceeds from disposal of property, plant and equipment		**-**	90	379
Net cash used in investing activities		**(32,594)**	(29,849)	(158,672)
FINANCING ACTIVITIES				
New secured bank loans		**20,150**	21,600	86,575
Repayment of secured bank loans		**(16,615)**	(14,509)	(62,568)
Decrease (Increase) in pledged deposits		**(1,655)**	(18)	4,434
Net cash from financing activities		**1,880**	7,073	28,441
Net increase (decrease) in cash and cash equivalents		**(13,477)**	8,584	(11,731)
Cash and cash equivalents at the beginning of period / year		**178,443**	190,174	190,174
Cash and cash equivalents at the end of period / year	*7*	**164,966**	198,758	178,443

NOTES:

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and have 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 2011.

2. Revenue

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

3. Shipping related expenses

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

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

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

	3 months ended 31/3/2012 (Unaudited)	3 months ended 31/3/2011 (Unaudited)	Year ended 31/12/2011 (Audited)
	US$'000	*US$'000*	*US$'000*
Provision recognized	**6,174**	2,800	21,179
Provision utilized	**(5,460)**	-	(14,092)
Net provision for loss on charter hire	**714**	2,800	7,087

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

Subsequent to the reporting date, the Group further recognized provision for loss on charter hire of US$16,218,000 in April 2012 for another contract which covered a minimum lease period of eighteen months until October 2013.

4. Taxation

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

5. Earnings per share

Basic and diluted earnings per share for the quarter ended 31 March 2012 were calculated on the net profit for the quarter of US$8,838,000 (31/3/2011: US$35,675,000) and the weighted average number of 84,045,341 (31/3/2011: 84,045,341) ordinary shares in issue during the quarter.

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

6. Interim dividend

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 31 March 2012 (31/3/2011: nil).

7. Bank balances and cash

	31/3/2012	31/3/2011	31/12/2011
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
Cash and cash equivalents for condensed consolidated statement of cash flows purpose	**164,966**	198,758	178,443
Bank deposits with more than three months to maturity when placed	**35,083**	5,000	26,678
	200,049	203,758	205,121

8. Trade and other payables

	31/3/2012 (Unaudited) US$'000	31/3/2011 (Unaudited) US$'000	31/12/2011 (Audited) US$'000
Trade payables	**4,346**	3,220	1,799
Accrued charges and other payables	**67,549**	69,519	69,361
	71,895	72,739	71,160

At the reporting date, other payables included provision for loss on charter hire of US$7,801,000 (31/12/2011: US$7,087,000), being the expected economic benefits derived from chartered-out contracts less the fixed costs under the respective chartered-in contracts.

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

	31/3/2012 (Unaudited) US$'000	31/3/2011 (Unaudited) US$'000	31/12/2011 (Audited) US$'000
At 1 January	**7,087**	-	-
Provision recognized	**6,174**	2,800	21,179
Provision utilized	**(5,460)**	-	(14,092)
	7,801	2,800	7,087

9. Comparative figures

Certain comparative figures have been added to conform to current period's presentation.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 31 March 2012.

REVIEW OF OPERATIONS

First Quarter of 2012. Dry bulk shipping market slumped abruptly in the first quarter of 2012. Amid recent global macroeconomic challenges, the continual delivery of new dry bulk tonnages rapidly outpaced market demand for dry bulk carriers. This shortfall in demand for global dry seaborne activity in recent months has translated into underutilization of the global shipping capacity, as a persistent supply of new vessels enter the market. This is particularly severe with the larger size tonnages. The operating environment of dry bulk shipping market was extremely harsh as market freight rates of dry bulk carriers fell close to or below some ship owners' cash break-even levels. Baltic Dry Index opened at 1,738 points at beginning of 2012 and collapsed to its record low at 647 points on 3 February 2012 and closed at 934 points on 31 March 2012.

As one of the market participants in dry bulk shipping market, the Group is exposed to the current low freight rate environment and therefore had to enter into certain loss-making chartered-out contracts in early 2012 as part of our fleet is due for contract renewal in the prevailing market conditions. Revenue for the first quarter of 2012 declined 33% to US$58,522,000, comparing to US$86,975,000 for the last corresponding quarter. Net profit for the first quarter fell 75% to US$8,838,000 in 2012, comparing to US$35,675,000 for the first quarter of 2011. Basic earnings per share for the quarter was US$0.105 as compared to US$0.424 for the last corresponding quarter.

The decline in both revenue and net profit for the quarter was mainly due to the expiration of some high earning charter contracts in late 2011 and early 2012, and lower charter rates upon redeployment of our fleet in prevailing weak market upon contract renewal in particular to larger size fleet. Revenue contributed from expanded owned Supramax fleet was offset by the decreased in revenue earned from chartered-in Capesize fleet, reflected in the sharp fall in the average daily time charter equivalent rates ("TCE") of the Group's fleet.

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

	Q1 2012	Q1 2011	2011
	US$	*US$*	*US$*
Capesize fleet	**10,750**	79,427	35,532
Post-Panamax / Panamax fleet	**14,890**	21,393	19,660
Supramax / Handymax fleet	**16,540**	23,809	21,224
In average	**16,070**	26,478	21,785

Two chartered-in Capesizes were chartered-out at operating loss in June 2011 with lease period expiring in April 2012 after the previous high earning chartered-out contracts were terminated in early 2011. Hence, TCE of Capesize fleet dropped from US$79,427 for the first quarter of 2011 to US$10,750 for the first quarter of 2012. Despite provision for loss on charter hire had been made for these two chartered-out contracts in 2011, when approaching expiration of these chartered-out contracts, the Group committed the two Capesizes to new employment contracts in March and April 2012 at operating loss due to the prevailing unfavourable freight environment. Accordingly, the Group recognized provision for loss on charter hire of US$6,174,000 in March 2012 for a contract which covered a minimum lease period of eight months until December 2012. The net provision for loss on charter hire for the quarter of US$714,000 was included in shipping related expenses in the condensed consolidated statement of comprehensive income and the details were set out in note 3 on page 6.

Subsequent to the reporting date, the Group further recognized provision for loss on charter hire of US$16,218,000 in April 2012 for another contract which covered a minimum lease period of eighteen months until October 2013.

Shipping related expenses slightly decreased by 8% to US$35,338,000 for the first quarter of 2012 as compared to the last corresponding quarter primarily due to the expiration of a chartered-in contract of a Panamax in 2011 that led to the reduction in hire payments. However, such decrease was partially offset by the rising vessels operating expenses on spare parts and consumables attributed by the expanded owned fleet and increased bunker expenses incurred in repositioning of vessels into more favourable areas. The average number of owned and chartered-in vessels in operation in the first quarter of 2012 increased to thirty nine vessels, as compared to thirty six vessels in the last corresponding quarter.

As a result of the expansion of owned fleet and relatively higher contract price of recently delivered owned vessels, the Group's depreciation and amortization increased by 12% to US$13,464,000 for the first quarter of the year. As at 31 March 2012, the Group had thirty six owned vessels as compared to thirty two owned vessels as at 31 March 2011.

Finance costs for the first quarter rose 43% from US$1,540,000 in 2011 to US$2,202,000 in 2012. The increase was attributable to the increase in the number of owned vessels of the Group, as well as the increase in loan principal and higher loan interest margin being agreed under loan facilities for the recently delivered owned vessels.

In general, the Group's operating results for the first quarter of 2012 were negatively impacted by lower hire revenue earned in the prevailing low freight rate environment, and rising vessels operating expenses, depreciation and amortization, and finance costs. The Group strives to maintain a low operating cost structure by keeping a young and cost-efficient fleet with average vessel age currently at five years.

FINANCIAL REVIEW

During the quarter, upon financing of vessel mortgage loan, and offset by cash used to partially finance the delivery of a vessel and installments paid for the newbuildings, the total of the Group's equity and debt securities, bank balances and cash increased to US$266,592,000 (31/12/2011: US$263,701,000) and bank borrowings increased to US$583,209,000 (31/12/2011: US$579,674,000) as at 31 March 2012.

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 38% as at 31 March 2012 (31/12/2011: 39%). 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 quarter, capital expenditure on additions of the owned vessels and vessels under construction was US$25,125,000 (31/3/2011: US$40,032,000), and on other property, plant and equipment was US$5,000 (31/3/2011: US$518,000).

As at 31 March 2012, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately US$126,178,000 (31/12/2011: US$157,325,000), representing the Group's outstanding capital expenditure commitments to acquire four (31/12/2011: five) newbuildings at total contract price of US$17,500,000 and JPY14,310,500,000 (31/12/2011: US$35,000,000 and JPY16,221,000,000).

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

FLEET

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

During the quarter, a newly built Supramax named as "Jin Ze" was delivered to the Group.

As at 31 March 2012, the Group had thirty six owned vessels which included two modern Post-Panamaxes, two modern Panamaxes, thirty one 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 March 2012.

Fleet Details

The fleet details after the quarter ended 31 March 2012 and up to 29 May 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 April 2012 and 29 May 2012	-	2	2	-	-	-	2
Post-Panamax Fleet							
As at 1 April 2012 and 29 May 2012	2	-	2	-	-	-	2
Panamax Fleet							
As at 1 April 2012 and 29 May 2012	2	-	2	-	-	-	2
Supramax / Handymax Fleet							
As at 1 April 2012 and 29 May 2012	32	2	34	2	-	2	36
Handysize Fleet							
As at 1 April 2012 and 29 May 2012	-	-	-	1	-	1	1
Total Fleet							
As at 29 May 2012	36	4	40	3	-	3	43

Note:

1 Includes three newbuildings ordered by the Group as at 29 May 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 29 May 2012 was as follows:

Owned and Chartered-in Fleet – revenue covered:

		Unit	2012	2013
Capesize Fleet	Coverage	%	98	61
	Operating days covered	Days	716	283
	Daily TCE	US$	11,745	13,400
Post-Panamax / Panamax Fleet	Coverage	%	57	25
	Operating days covered	Days	833	365
	Daily TCE	US$	21,079	38,200
Supramax / Handymax Fleet	Coverage	%	64	20
	Operating days covered	Days	7,980	2,594
	Daily TCE	US$	19,511	32,476

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	587	300
	Daily TCE cost	US$	26,903	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

In recent weeks, news regarding the European sovereign debt crisis has once again capture headlines of global media; the U.S. economy looks to be in better shape, but economic growth seems lackluster; and in the Asian region, economic growth of some countries are also weakening. It is particularly alarming in the case of a slowing Chinese economy, as the country is becoming more important by the day as one of the main drivers of global economic activity. Piecing together the above confirms our worry that we may not have reached the economic trough yet, and a high level of uncertainty remains ahead.

We continue to be in an easing monetary and low interest rate environment, but only the rare few can take advantage of this low interest rate environment and at a much higher borrowing cost than in previous years. With banks remaining to be extremely cautious towards lending and the need to comply with new regulations, we expect scarcity of credit will become like fossil fuels, and only accessible by leaders with sound balance sheets in their respective industries. With limited credit towards investments of real economic or industrial activities, we believe downside risks remain with global economic growth. The dry bulk shipping market remains to be challenging in 2012 against this economic backdrop, an overwhelming oversupply in tonnages, excess shipbuilding capacity and generally lower demand growth of dry seaborne trade.

Once again, we expect further company defaults in our industry and rising counterparty risk ahead. Asset prices will be under pressure given the unfavourable freight market, but at the same time we believe there will be interesting opportunities for those who are prepared and have placed liquidity as a priority in the past years. With aspiration to grow the business over the longer term, we will patiently and selectively look at suitable opportunities as they arise.

In the coming months, we will continue to focus on the basics as our top priority: maintain a strong balance sheet with the target to further lower gearing, monitor cargo flows in order to deploy our vessels efficiently to optimize revenue, and keeping costs in check to enhance our margins. We see both headwind and mist ahead of us and will continue to operate with a conservative yet nimble mindset, and be ready to act in the best interest of our shareholders under different kinds of scenarios.

PUBLICATION OF FINANCIAL INFORMATION

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

By Order of the Board

Ng Siu Fai
Chairman

30 May 2012

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