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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

FOURTH QUARTER REPORT FOR THE QUARTER ENDED 31 DECEMBER 2012 AND PRELIMINARY ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 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 28 February 2013 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

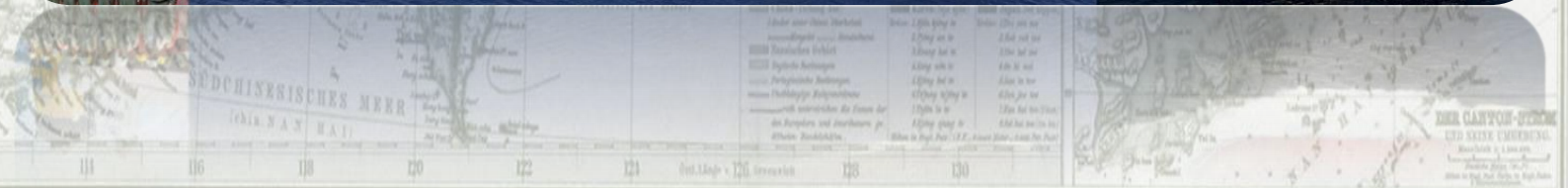
Hong Kong, 28 February 2013

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

FOURTH QUARTER REPORT FOR THE QUARTER ENDED 31 DECEMBER 2012 AND PRELIMINARY ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012



HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2012

- Revenue for the year dropped 23% to US\$234 million
- Net profit for the year declined 42% to US\$36 million
- Basic earnings per share: US\$0.423
- Gearing ratio as at 31 December 2012: 42%

FOR THE FOURTH QUARTER OF 2012

- Revenue for the quarter: US\$55 million
- Net profit for the quarter: US\$7 million
- Basic earnings per share: US\$0.082

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 2012.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (PRELIMINARY)

		3 months ended 31/12/2012 (Unaudited) US\$'000	3 months ended 31/12/2011 (Unaudited) US\$'000	Year ended 31/12/2012 (Unaudited) US\$'000	Year ended 31/12/2011 (Audited) US\$'000
	<i>Note</i>				
Revenue	2	55,000	63,899	234,035	305,196
Other operating income	3	7,752	4,364	28,463	17,273
Interest income		1,025	1,134	4,651	3,763
Shipping related expenses	4	(30,838)	(29,251)	(146,984)	(149,047)
Staff costs		(6,715)	(13,294)	(11,653)	(17,616)
Impairment loss on owned vessels and vessels under construction		-	(25,427)	-	(25,427)
Other operating expenses		(2,610)	(1,673)	(7,454)	(13,742)
Operating profit (loss) before depreciation and amortization		23,614	(248)	101,058	120,400
Depreciation and amortization		(14,673)	(13,441)	(56,757)	(51,609)
Operating profit (loss)		8,941	(13,689)	44,301	68,791
Finance costs		(2,075)	(2,055)	(8,720)	(7,223)
Profit (Loss) before taxation		6,866	(15,744)	35,581	61,568
Taxation	5	-	-	-	-
Net profit (loss) for the period / year		6,866	(15,744)	35,581	61,568
Other comprehensive income					
Change in fair value of available-for-sale financial assets		-	23	-	23
Total comprehensive income (loss) for the period / year attributable to shareholders of the Company		6,866	(15,721)	35,581	61,591
Earnings (Loss) per share	6				
- Basic and diluted		US\$0.082	(US\$0.187)	US\$0.423	US\$0.733

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (PRELIMINARY)

	<i>Note</i>	31/12/2012 (Unaudited) US\$'000	31/12/2011 (Audited) US\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,203,538	1,148,003
Investment properties		3,333	-
Available-for-sale financial assets		395	395
		1,207,266	1,148,398
Current assets			
Inventories		7,242	2,574
Trade and other receivables		48,804	46,230
Financial assets at fair value through profit or loss		76,020	58,580
Pledged deposits		19,776	7,894
Bank balances and cash	8	126,770	205,121
		278,612	320,399
Total assets		1,485,878	1,468,797
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital		4,202	4,202
Reserves		849,297	813,716
Total equity		853,499	817,918
Non-current liabilities			
Secured bank loans	9	492,936	513,211
Current liabilities			
Trade and other payables		61,410	64,073
Provisions	10	8,660	7,087
Amount due to holding company		73	45
Secured bank loans	9	69,300	66,463
		139,443	137,668
Total equity and liabilities		1,485,878	1,468,797

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (PRELIMINARY)

	Issued capital (Audited) US\$'000	Share premium (Audited) US\$'000	Capital redemption reserve (Audited) US\$'000	Contributed surplus (Audited) US\$'000	Employee share-based compensation reserve (Audited) US\$'000	Reserve for available- for-sale financial assets (Audited) US\$'000	Retained profits (Audited) US\$'000	Total equity (Audited) 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
	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000
At 1 January 2012	4,202	72,087	719	16,297	4,758	48	719,807	817,918
Net profit for the year	-	-	-	-	-	-	35,581	35,581
Other comprehensive income for the year	-	-	-	-	-	-	-	-
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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (PRELIMINARY)

	<i>Note</i>	Year ended 31/12/2012 (Unaudited) US\$'000	Year ended 31/12/2011 (Audited) US\$'000
OPERATING ACTIVITIES			
Cash generated from operations		70,989	125,401
Interest paid		(8,720)	(6,901)
Net cash from operating activities		62,269	118,500
INVESTING ACTIVITIES			
Interest received		4,506	3,514
Decrease (Increase) in bank deposits with more than three months to maturity when placed		11,595	(11,678)
Dividend income received		635	528
Purchase of property, plant and equipment		(112,300)	(151,415)
Proceeds from disposal of property, plant and equipment		-	379
Purchase of investment properties		(4,015)	-
Net cash used in investing activities		(99,579)	(158,672)
FINANCING ACTIVITIES			
New secured bank loans		94,058	86,575
Repayment of secured bank loans		(111,622)	(62,568)
Decrease (Increase) in pledged deposits		(11,882)	4,434
Net cash from (used in) financing activities		(29,446)	28,441
Net decrease in cash and cash equivalents		(66,756)	(11,731)
Cash and cash equivalents at 1 January		178,443	190,174
Cash and cash equivalents at 31 December	8	111,687	178,443

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. 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. Other operating income

Other operating income for the year 2012 mainly 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 Korea Line Corporation (“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.

For the year 2011, there was a compensation income of US\$3,149,000 received from a charterer for early redelivery of a chartered-in Capesize prior to expiry of the charter period.

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.

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 / (credited) to the Group's condensed consolidated statement of comprehensive income for the periods / years.

	3 months ended 31/12/2012 (Unaudited) US\$'000	3 months ended 31/12/2011 (Unaudited) US\$'000	Year ended 31/12/2012 (Unaudited) US\$'000	Year ended 31/12/2011 (Audited) US\$'000
Provision recognized	-	-	22,392	21,179
Provision utilized	(4,856)	(5,520)	(20,819)	(14,092)
Net provision for loss on charter hire	(4,856)	(5,520)	1,573	7,087

In 2011, 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\$22,392,000 in early 2012 for contracts which covered minimum lease periods of eight months until December 2012 and eighteen months until October 2013.

5. Taxation

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

6. Earnings (Loss) per share

Basic and diluted earnings per share for the quarter ended 31 December 2012 were calculated on the net profit for the quarter of US\$6,866,000 (2011: net loss of US\$15,744,000) and the weighted average number of 84,045,341 (2011: 84,045,341) ordinary shares in issue during the quarter.

Basic and diluted earnings per share for the year ended 31 December 2012 were calculated on the net profit for the year of US\$35,581,000 (2011: US\$61,568,000) and the weighted average number of 84,045,341 (2011: 84,045,341) ordinary shares in issue during the year.

7. Dividend

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2012 (2011: nil).

8. Bank balances and cash

	31/12/2012	31/12/2011
	(Unaudited)	(Audited)
	US\$'000	US\$'000
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	111,687	178,443
Bank deposits with more than three months to maturity when placed	15,083	26,678
	126,770	205,121

9. Secured bank loans

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

10. Provisions

At the reporting date, provisions represented provision for loss on charter hire of US\$8,660,000 (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 for provision for loss on charter hire during the year are as follows:

	31/12/2012	31/12/2011
	(Unaudited)	(Audited)
	US\$'000	US\$'000
At 1 January	7,087	-
Provision recognized	22,392	21,179
Provision utilized	(20,819)	(14,092)
At 31 December	8,660	7,087

11. Capital expenditures and commitments

During the year, capital expenditure on additions of the owned vessels and vessels under construction was US\$111,661,000 (2011: US\$149,081,000), on other property, plant and equipment was US\$639,000 (2011: US\$2,337,000), and on investment properties was US\$4,015,000 (2011: nil).

At the reporting date, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately US\$43,504,000 (2011: US\$157,325,000), representing the Group's outstanding capital expenditure commitments to acquire two (2011: five) newbuildings at total contract price of US\$17,500,000 and JPY6,410,500,000 (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.

12. Comparative figures

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

DIVIDENDS

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2012. As there is no interim dividend payable during the year, there will be no dividend distribution for the whole year of 2012.

REVIEW OF OPERATIONS

Fourth Quarter of 2012. Revenue for the fourth quarter of 2012 dropped to US\$55,000,000, representing a decrease of 14% as compared to US\$63,899,000 for the last corresponding quarter. The Group's operating results for the fourth quarter of 2012 remained under pressure by the depressed market charter rates. Net profit for the fourth quarter of 2012 rose to US\$6,866,000, comparing to a net loss of US\$15,744,000 for the corresponding quarter in 2011 which was largely caused by the recognition of impairment loss on owned vessels and vessels under construction of US\$25,427,000. Basic earnings per share was US\$0.082 for the fourth quarter of 2012 while basic loss per share of US\$0.187 for the last corresponding quarter was reported in 2011.

Despite market freight rate for Capesize fleet improved moderately in the fourth quarter of 2012 supported by rising Chinese iron ore imports, the overall Capesize freight rate has been at fairly low level in 2012. The Group was exposed to the low freight rate environment and revenue for the fourth quarter and for the year 2012 continued to fall 14% and 23% as comparing to the last corresponding period / year and reflected in the decline of the average daily time charter equivalent rates ("TCE") of the Group's fleet.

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

	2012 Q4	2011 Q4	2012	2011
	US\$	US\$	US\$	US\$
Capesize Fleet	12,200	9,594	11,709	35,532
Post-Panamax / Panamax Fleet	15,227	16,219	15,238	19,660
Supramax / Handymax / Handysize Fleet	14,189	18,309	15,512	21,224
In average	14,187	17,662	15,292	21,785

As major stock markets rebounded in the fourth quarter of 2012, the Group recognized fair value gain on investment portfolio, predominantly in equity securities listed in Hong Kong, of US\$3,560,000 for the quarter and was recorded in other operating income. For the same quarter in 2011, fair value gain on investment portfolio was US\$1,475,000.

Shipping related expenses increased by 5% to US\$30,838,000 for the fourth quarter of 2012 as compared to US\$29,251,000 for the last corresponding quarter. The increase was primarily due to additional port expenses and bunker expenses incurred for certain voyage charters being carried out during the quarter while only one voyage charter was being carried out in the last corresponding quarter.

Year 2012. Dry bulk shipping market was under severe challenges in 2012. China and India, the main driving forces for global seaborne trade, showed signs of slowing down in economic growth, reflecting economic distress in western countries has cascaded into the emerging countries. The continual delivery of new dry bulk tonnages rapidly outpaced market demand for dry bulk carriers, and caused market freight rates to drop rigorously. The market sentiment was further weighed down by the worsening Eurozone financial crisis when Spain revealed its banking crisis that immediately triggered a chain reaction on the financial markets across peripheral Europe. The Baltic Dry Index (“BDI”) opened at 1,738 points at the beginning of 2012 and collapsed to its record low at 647 points on 3 February 2012. Despite global economy was seemingly stabilized after massive third round of quantitative easing and Eurozone bailout funds intervened into markets in the second half of 2012, economic growth prospects varied widely across the world with sharp sectorial disparities. The dry bulk shipping market continued rallying over the anticipated oversupply of tonnages, volatile demands in Asian countries, coupled with traditional seasonal demand of dry bulk commodities in winter season. The BDI declined to around 700 points in September 2012, climbed to around 1,100 points in early December and finally closed at 699 points by end of 2012.

The Group’s operating results for the year was constrained by the depressed market charter rates coupled with rising vessels operating expenses. Revenue for the year dropped by 23% to US\$234,035,000 as comparing to US\$305,196,000 for the year 2011. Net profit for the year was US\$35,581,000 as comparing to US\$61,568,000 for the year 2011. Basic earnings per share was US\$0.423 for the year 2012 while US\$0.733 was reported in 2011.

The decline in revenue and net profit 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. As mentioned in previous quarterly analysis, the Group was exposed to the low freight rate environment mainly due to an oversupply of tonnages, and therefore had to enter into some loss-making chartered-out contracts in early 2012 as part of our fleet is due for contract renewal in the prevailing market conditions. In 2011, 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\$22,392,000 in early 2012 for contracts which covered minimum lease periods of eight months until December 2012 and eighteen months until October 2013. The net provision for loss on charter hire of US\$1,573,000 for the year was included in shipping related expenses in the condensed consolidated statement of comprehensive income and the details were set out in note 4 on pages 6 and 7.

During the year, the Group recognized 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 Korea Line Corporation (“KLC”) by receiving shares of KLC and partial cash settlement. The remaining settlement income from KLC will be settled by cash payments spanning through a period between 2013 and 2021. The Group would recognize the remaining settlement income from KLC when the realization of such income becomes virtually certain and cash or assets that are readily convertible to cash have been received.

Shipping related expenses for the year 2012 dropped to US\$146,984,000, as comparing to US\$149,047,000 for the year 2011. The decrease was primarily due to the expiration of a chartered-in contract of a Panamax in mid-2011 that led to the reduction in hire payments and the decrease in provision for loss on charter hire being recognized in the year. However, such decrease was partially offset by rising port expenses and bunker expenses incurred for certain voyage charters being carried out in the year.

Due to the expansion of owned fleet and relatively higher contract price of recently delivered owned vessels, the Group's depreciation and amortization for the year 2012 increased by 10% to US\$56,757,000 from US\$51,609,000 for the year 2011. As at 31 December 2012, the Group had thirty eight owned vessels as compared to thirty five owned vessels as at 31 December 2011. The Group strives to maintain a low operating cost structure by keeping a young and cost-efficient fleet with average vessel age currently at six years.

Finance costs for the year 2012 rose 21% to US\$8,720,000, as compared to US\$7,223,000 for the year 2011. The increase was attributable to the increase in the number of owned vessels of the Group and higher loan interest margin being agreed under loan facilities for the recently delivered owned vessels.

FINANCIAL REVIEW

As at 31 December 2012, the total of the Group's equity and debt securities, bank balances and cash decreased to US\$202,790,000 (2011: US\$263,701,000) and bank borrowings decreased to US\$562,236,000 (2011: US\$579,674,000). 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, increased to 42% as at 31 December 2012 (2011: 39%).

Secured bank loans drawn during the year comprised of vessel mortgage loans drawn upon delivery of three newbuildings and short term foreign currency demand loans denominated in Japanese Yen and Euro. The demand loans allow flexibility for the Group to further enhance its working capital requirements at very low funding costs and to swiftly manage the currency exposures. 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\$111,661,000 (2011: US\$149,081,000), on other property, plant and equipment was US\$639,000 (2011: US\$2,337,000), and on investment properties was US\$4,015,000 (2011: nil).

As at 31 December 2012, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately US\$43,504,000 (2011: US\$157,325,000), representing the Group's outstanding capital expenditure commitments to acquire two (2011: five) newbuildings at total contract price of US\$17,500,000 and JPY6,410,500,000 (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.

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 2012, the Group had thirty eight owned vessels which included two modern Post-Panamaxes, two modern Panamaxes, thirty two modern grabs fitted Supramaxes, one Handymax and one Handysize.

Apart from the owned vessels, the Group operated three chartered-in vessels which included two Capesizes and one Supramax as at 31 December 2012.

Fleet Details

The fleet details after the year ended 31 December 2012 and up to 27 February 2013 were as follows:

	Number of vessels							Total
	In operation			Newbuildings / New charters				
	Owned	Chartered	Subtotal	Owned	Chartered	Subtotal		
Capesize Fleet								
As at 1 January 2013	-	2	2	-	-	-	2	
Redelivery of vessel (<i>Note</i>)	-	(1)	(1)	-	-	-	(1)	
As at 27 February 2013	-	1	1	-	-	-	1	
Post-Panamax / Panamax Fleet								
As at 1 January 2013 and 27 February 2013	4	-	4	-	-	-	4	
Supramax / Handymax / Handysize Fleet								
As at 1 January 2013 and 27 February 2013	34	1	35	1	-	1	36	
Total Fleet								
As at 27 February 2013	38	2	40	1	-	1	41	

Note:

A chartered-in Capesize with charter period expiring in April 2013 was early redelivered to the owner in January 2013.

According to the Company's best estimation, the activity of the Group's fleet as at 27 February 2013 was as follows:

Owned and Chartered-in Fleet – revenue covered:

		<i>Unit</i>	2013	2014
Capesize Fleet	Coverage	%	79	-
	Operating days covered	<i>Days</i>	313	-
	Daily TCE	<i>US\$</i>	13,170	-
Post-Panamax / Panamax Fleet	Coverage	%	38	6
	Operating days covered	<i>Days</i>	548	83
	Daily TCE	<i>US\$</i>	27,717	38,200
Supramax / Handymax / Handysize Fleet	Coverage	%	38	1
	Operating days covered	<i>Days</i>	4,946	173
	Daily TCE	<i>US\$</i>	20,730	34,000

Chartered-in Fleet – TCE cost:

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

RISK FACTORS

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

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

OUTLOOK

2012 has been a challenging year not just for dry bulk shipping market, but for the entire global economy as a whole. While encouraging news and economic indicators have popped up periodically in news headline, there seems to be a lack of solid and persistent pattern in such events. We are of the view that the global economic health continues to remain weak at this juncture.

The market has been putting a lot of faith in Asia, with China as the bright spot. Indeed we also see the economic activities in the Asian region with China in particular to outperform the west. However, the high speed economic growth period of China has past. In order to preserve a positive, persistent, and healthy Chinese economic growth rate, the new Chinese Leaders will need to introduce new effective policies and measures that we are eagerly waiting for.

The dry bulk shipping market will continue to be an uphill battle in 2013 against this economic backdrop, with oversupply in tonnages, excess shipbuilding capacity and generally lower demand growth of dry seaborne trade. Although recent activities that positively reduced the supply side such as slippage and scrapping have been high, we expect that our industry may remain volatile before it gets better. Fewer banks are now offering ship financing against such outlook, especially given the extraordinary challenges financial institutions are already facing. Looking ahead, we expect further company defaults, rising counterparty risks, and further pressure on asset prices, but at the same time we believe there will be interesting opportunities for those who are patient, prepared and have placed liquidity as a priority in the past years.

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

In the coming year, we will continue to focus on the basics as our top priority: maintain a strong financial position and a healthy gearing level, 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 murky waters 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

28 February 2013



Jinhui Shipping and Transportation Limited

Registered office:

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