



# **Jinhui Shipping & Transportation Limited**

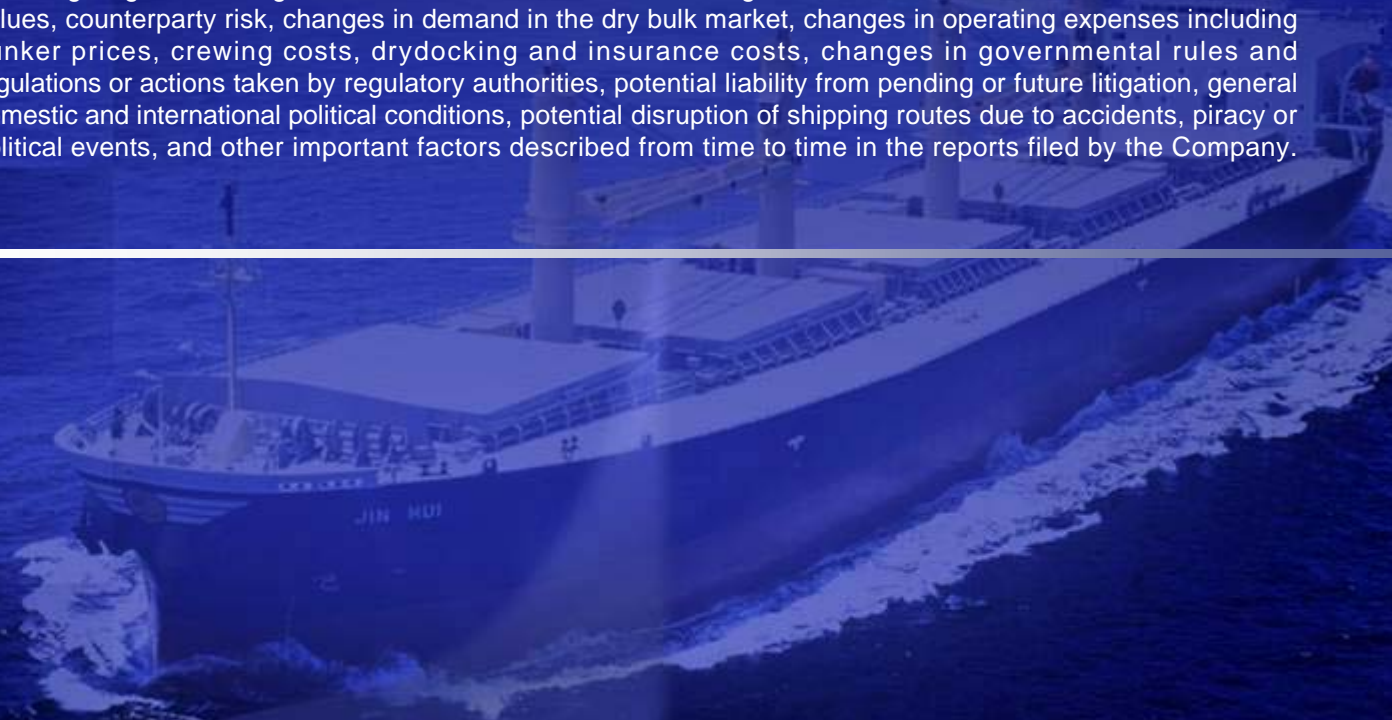
**2009 Presentation**

***26 February 2010***

This presentation 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 presentation 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.



# Year 2009 Highlights

## Financial Highlights

- Year 2009 revenue: US\$349 million

- Net profit for the year: US\$154 million

- Basic earnings per share: US\$1.8305

- Gearing ratio as at 31 December 2009 reduced to 45%

## Fleet Highlights

- 6 newly built Supramaxes, 1 Panamax and 1 second hand Supramax were delivered to the Group

- Disposed 3 Supramaxes, 1 Panamax and 1 Capesize with net total gain of US\$8.5 million in 2009

# 2009 Financial Highlights



**For the year ended & 3 months ended 31 December 2009**

US\$'000	Year 2009 (Unaudited)	Year 2008 (Audited)	YoY (%)	Q4 2009 (Unaudited)	Q4 2008 (Unaudited)	QoQ (%)
Revenue	349,340	475,148	-26.5%	82,680	105,543	-21.7%
Net gain on disposal of vessels	8,504	62,786	-86.5%	8,388	-	-
EBITDA	195,522	285,880	-31.6%	42,808	22,492	90.3%
Operating profit	161,484	256,674	-37.1%	33,969	14,902	127.9%
Net profit for the year / period	153,842	238,828	-35.6%	32,826	10,609	209.4%
Basic earnings per share	US\$1.8305	US\$2.8417	-35.6%	US\$0.3906	US\$0.1262	209.4%

# 2009 Key Financial Ratios



For the year ended 31 December 2009

	2009 (Unaudited)	2008 (Audited)
Total assets (US\$'000)	1,232,216	1,017,561
Return on average equity (%)	26.0%	57.7%
Return on average assets (%)	13.7%	26.0%
Interest coverage (X)	21.1X	14.4X
EBITDA / Finance costs (X)	25.6X	16.0X
Net gearing (%) *	45.4%	67.7%

\* =  $\frac{\text{Total interest bearing debts} - \text{bank balances and cash} - \text{marketable equity \& debts securities}}{\text{shareholders equity}}$

# Five-year Financial Summary

From year 2005 to year 2009

Year

2005

2006

2007

2008

2009

US\$M

US\$M

Revenue (US\$'000)

214,460      156,154      296,285      475,148      349,340

Operating profit (US\$'000)

100,677      58,864      106,799      256,674      161,484

EBITDA (US\$'000)

112,856      72,737      128,665      285,880      195,522

Net profit for the year (US\$'000)

95,800      49,577      85,632      238,828      153,842

Basic earnings per share

US\$1.140      US\$0.590      US\$1.019      US\$2.842      US\$1.831

Total assets

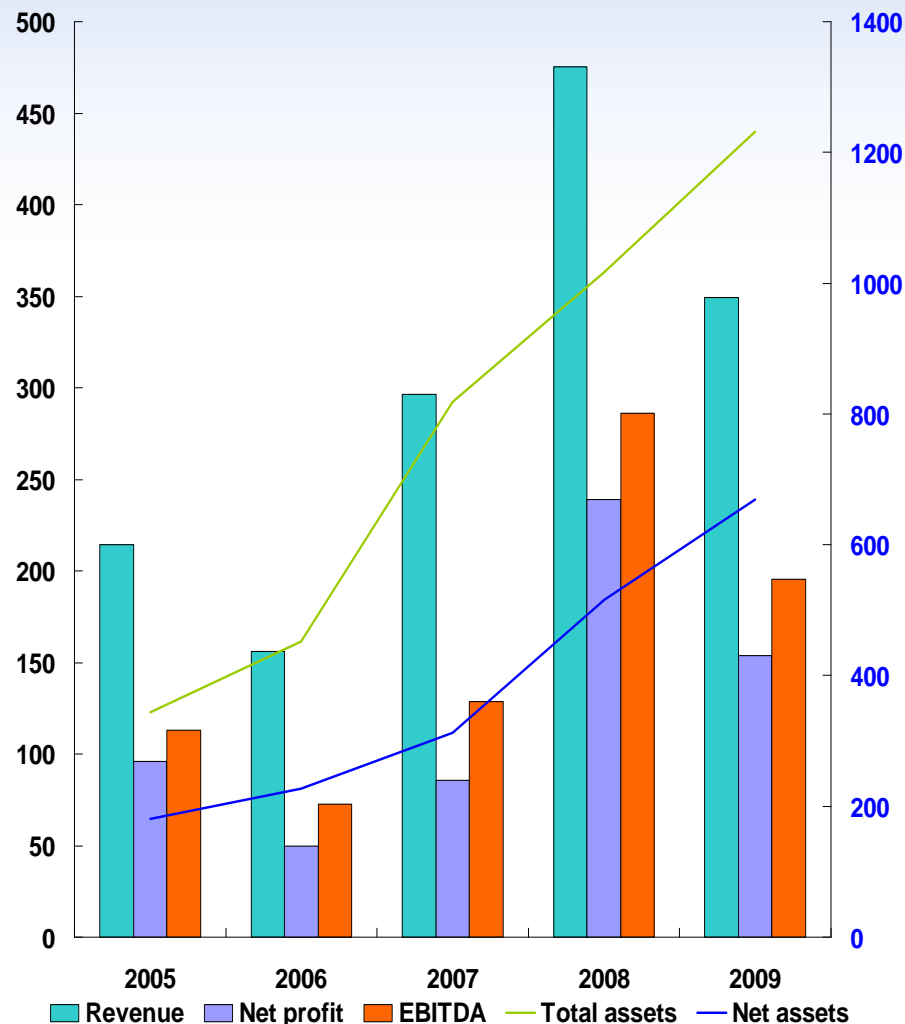
US\$344M      US\$452M      US\$819M      US\$1,018M      US\$1,232M

Net assets

US\$181M      US\$227M      US\$313M      US\$516M      US\$669M

Gearing ratio

62%      68%      128%      68%      45%





# Continuous Fleet Development



	No. of Vessels Owned <sup>(1)</sup>	Key Milestone
2013	41	• Additional 1 vessel to be delivered
2012	40	• Additional 3 vessels to be delivered
2011	37	• Additional 6 vessels to be delivered
2010	31	• Additional 7 vessels to be delivered
2009	24	• Took delivery of 8 additional vessels; Disposed of 5 vessels
2008	21	• Took delivery of 6 additional vessels; Disposed of 3 vessels
2007	18	• 1st order in China - 8 Supramaxes from Shanghai Shipyard; Disposed of a 2001 built Supramax at US\$54mm
2006	12	• Further fleet renewal: Disposed of 5 vessels, (1 old Handymax, 2 old Handysizes and 2 Panamaxes). Took delivery of 4 additional vessels.
2005	13	• Ranked 8th by Marine Money International for outstanding financial performance in 2004
2002	11	• Diversified into panamax class vessels in light of grain demand from China
2000	7	• Embarked on tonnage renewal program with newbuilds
1994	4	• Jinhui Shipping listed on Oslo Stock Exchange
1992	5	• Purchased a second-hand Handysize and acquired interests in two other Handysizes
1991	3 <sup>(2)</sup>	• Parent, Jinhui Holdings listed on Hong Kong Stock Exchange
1987	1	• Group founded

(1) As of the end of the specified period

(2) Jinhui held 40% interest in 2 vessels

# Jinhui's Fleet - one of the youngest in the industry



## Owned Vessels

Current Fleet	Type	Size (dwt)	Year Built	Status	Shipyard
1 Jin Rui	Panamax	76,583	2009	Owned	Imabari
2 Jin Gang	Supramax	56,927	2009	Owned	Shanghai Shipyard
3 Jin Ji	Supramax	56,913	2009	Owned	Shanghai Shipyard
4 Jin Wan	Supramax	56,897	2009	Owned	Shanghai Shipyard
5 Jin Jun	Supramax	56,887	2009	Owned	Shanghai Shipyard
6 Jin Mao	Supramax	54,768	2009	Owned	Oshima
7 Jin Shun	Supramax	54,768	2009	Owned	Oshima
8 Jin Sui	Supramax	56,968	2008	Owned	Shanghai Shipyard
9 Jin Tong	Supramax	56,952	2008	Owned	Shanghai Shipyard
10 Jin Xing	Supramax	55,496	2007	Owned	Oshima
11 Jin Yi	Supramax	55,496	2007	Owned	Oshima
12 Jin Yuan	Supramax	55,496	2007	Owned	Oshima
13 Jin Sheng	Supramax	52,050	2006	Owned	IHI
14 Jin Yao	Supramax	52,050	2004	Owned	IHI
15 Jin Cheng	Supramax	52,961	2003	Owned	Oshima
16 Jin Quan	Supramax	51,104	2002	Owned	Oshima
17 Jin Ping	Supramax	50,777	2002	Owned	Oshima
18 Jin Fu	Supramax	50,777	2001	Owned	Oshima
19 Jin Li	Supramax	50,777	2001	Owned	Oshima
20 Jin Zhou	Supramax	50,209	2001	Owned	Mitsui
21 Jin An	Supramax	50,786	2000	Owned	Oshima
22 Jin Hui	Supramax	50,777	2000	Owned	Oshima
23 Jin Rong	Supramax	50,236	2000	Owned	Mitsui
24 Jin Bi	Handymax	48,220	2000	Owned	Oshima

As of 26 February 2010

**Total Capacity of Owned Vessels: 1,304,875 dwt**  
**Average Age: 5.00 years**



# Jinhui's Fleet - one of the youngest in the industry



## Chartered-in Vessels

Name of Vessel	Type	Size (dwt)	Year Built	Charter in date	Expiry
1 Scope	Capesize	174,008	2006	Jul-08	Apr-13
2 Golden Shui	Capesize	170,500	2009	May-09	Feb-14
3 Red Lily	Panamax	76,500	2004	Sep-04	Sep-11
4 Tenmyo Maru	Supramax	58,470	2008	Nov-08	Oct-13
5 Aston Trader	Supramax	55,496	2008	Jun-09	May-10

*As of 26 February 2010*

**Total Capacity of Chartered-in Vessels: 534,974**

**Average Age: 3.0 years**

# Jinhui's Fleet - one of the youngest in the industry



## Vessels to be Delivered

Name	Type	Year Built	Size (dwt)	Expected delivery	Builder
1 Jin Ao	Supramax	2010	57,000	Mar 2010	Shanghai Shipyard
2 Jin Mei	Post-Panamax	2010	92,500	Apr 2010	Jiangsu New Yangzi
3 Jin Lang	Post-Panamax	2010	92,500	May 2010	Jiangsu New Yangzi
4 Jin Yue	Supramax	2010	57,000	Jun 2010	Shanghai Shipyard
5 Jin Heng	Supramax	2010	55,000	Jun 2010	Nantong Kawasaki
6 Jin Yang	Supramax	2010	57,948	Jul 2010	Tsuneishi
7 Jin Ming	Supramax	2010	60,500	Dec 2010	Oshima
8 Jin Han	Supramax	2011	60,500	Mar 2011	Oshima
9 Jin Chao	Panamax	2011	75,000	Apr 2011	Sasebo
10 Jin Feng	Supramax	2011	57,700	Jun 2011	STX (Dalian)
11 Jin Ning	Supramax	2011	59,760	Jun 2011	Oshima
12 Jin Ying	Supramax	2011	61,000	Jun-Jul 2011	Imabari
13 Jin Hong	Supramax	2011	60,500	Sep 2011	Oshima
14 Jin Ze	Supramax	2012	57,948	Mar 2012	Tsuneishi
15 Jin Yu	Handysize	2012	38,000	Jun 2012	Naikai Zosen
16 Jin Xiang	Supramax	2012	60,500	Sep 2012	Oshima
17 Jin Qing	Supramax	2013	58,100	Feb 2013	Tsuneishi

*As of 26 February 2010*

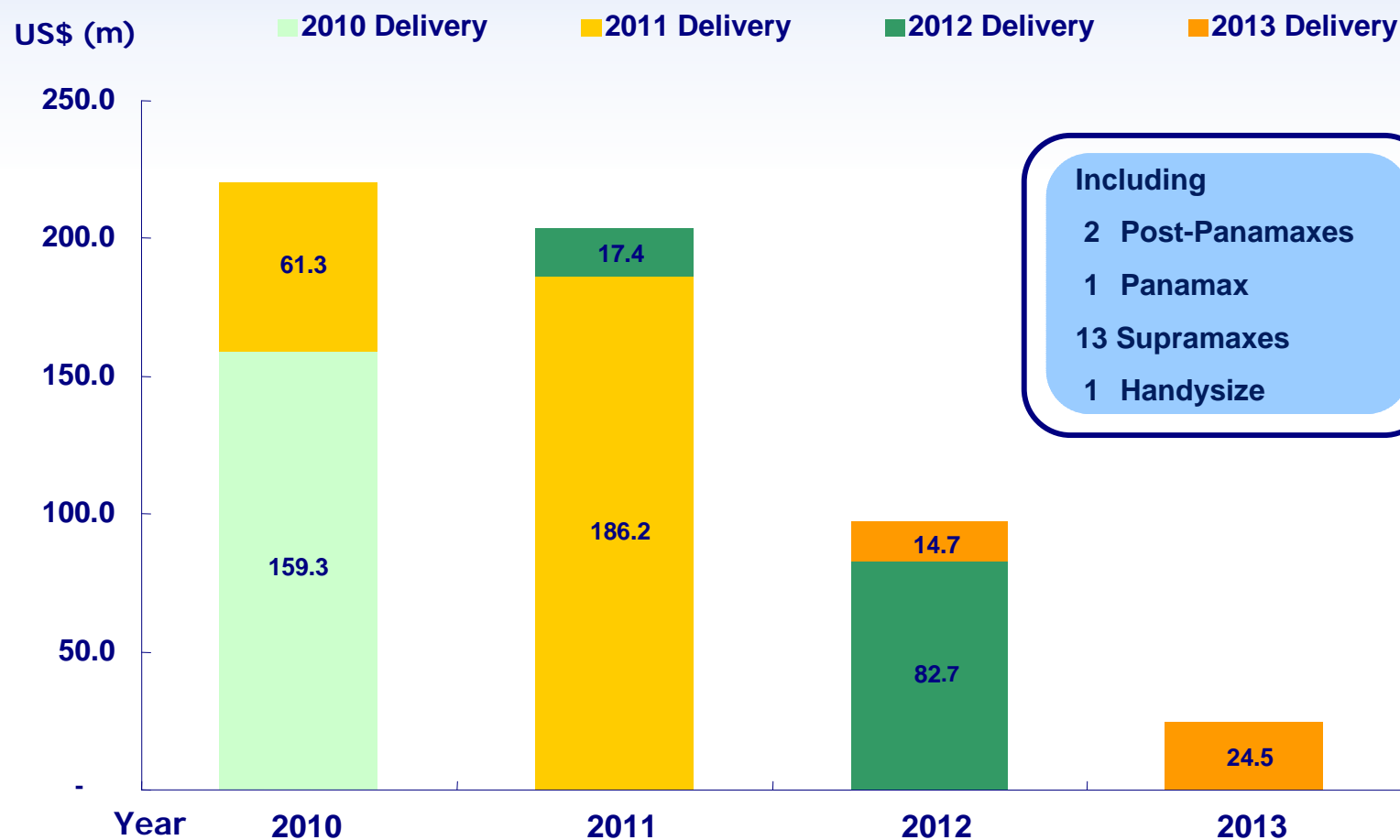
**Total Capacity of Ordered Vessels: 1,061,456 dwt**

# Capital Expenditure



As of 26 February 2010

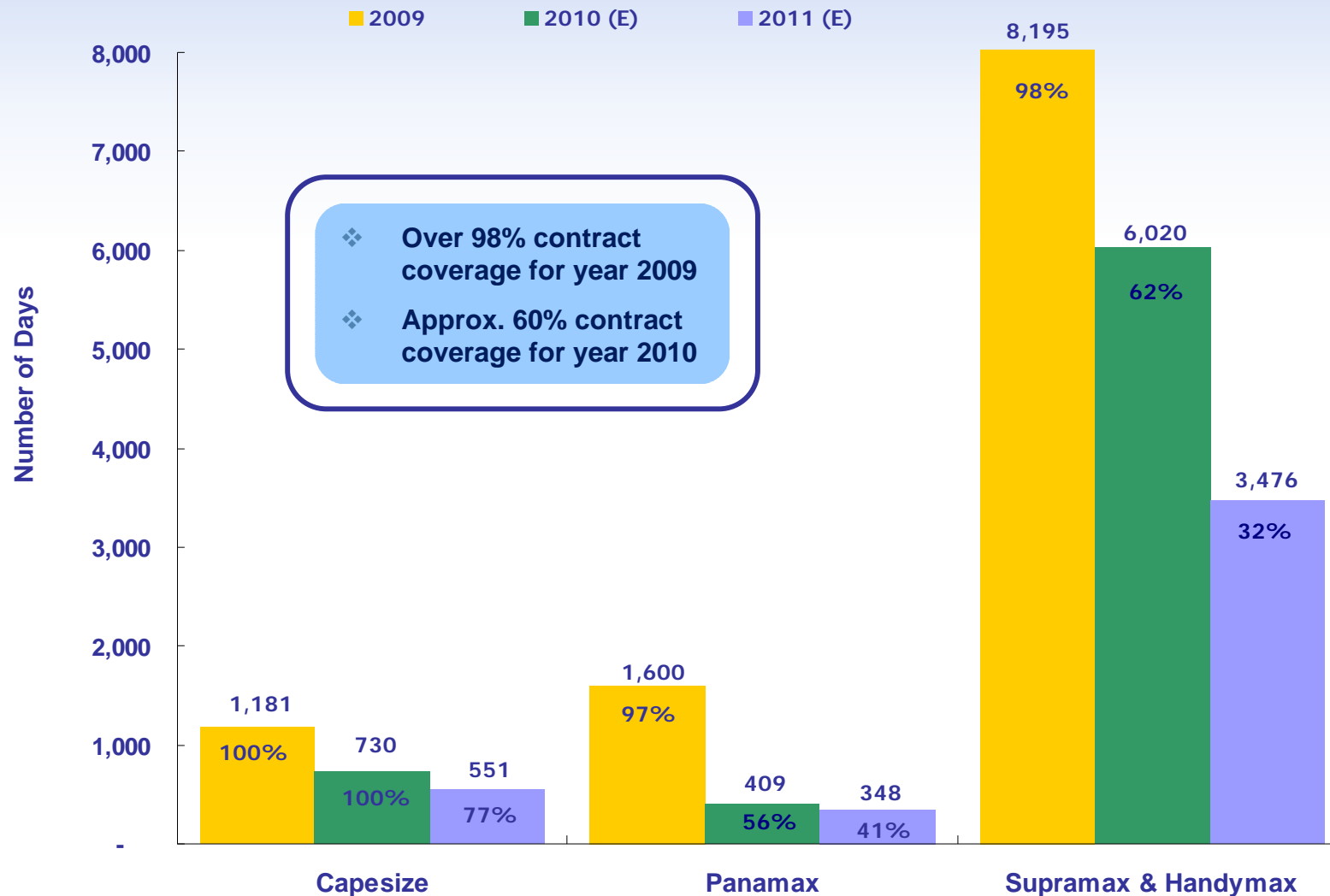
Capital expenditure represented 17 vessels to be delivered to the Group in year 2010 to 2013



# Contract Coverage of Owned and Chartered-in Vessels



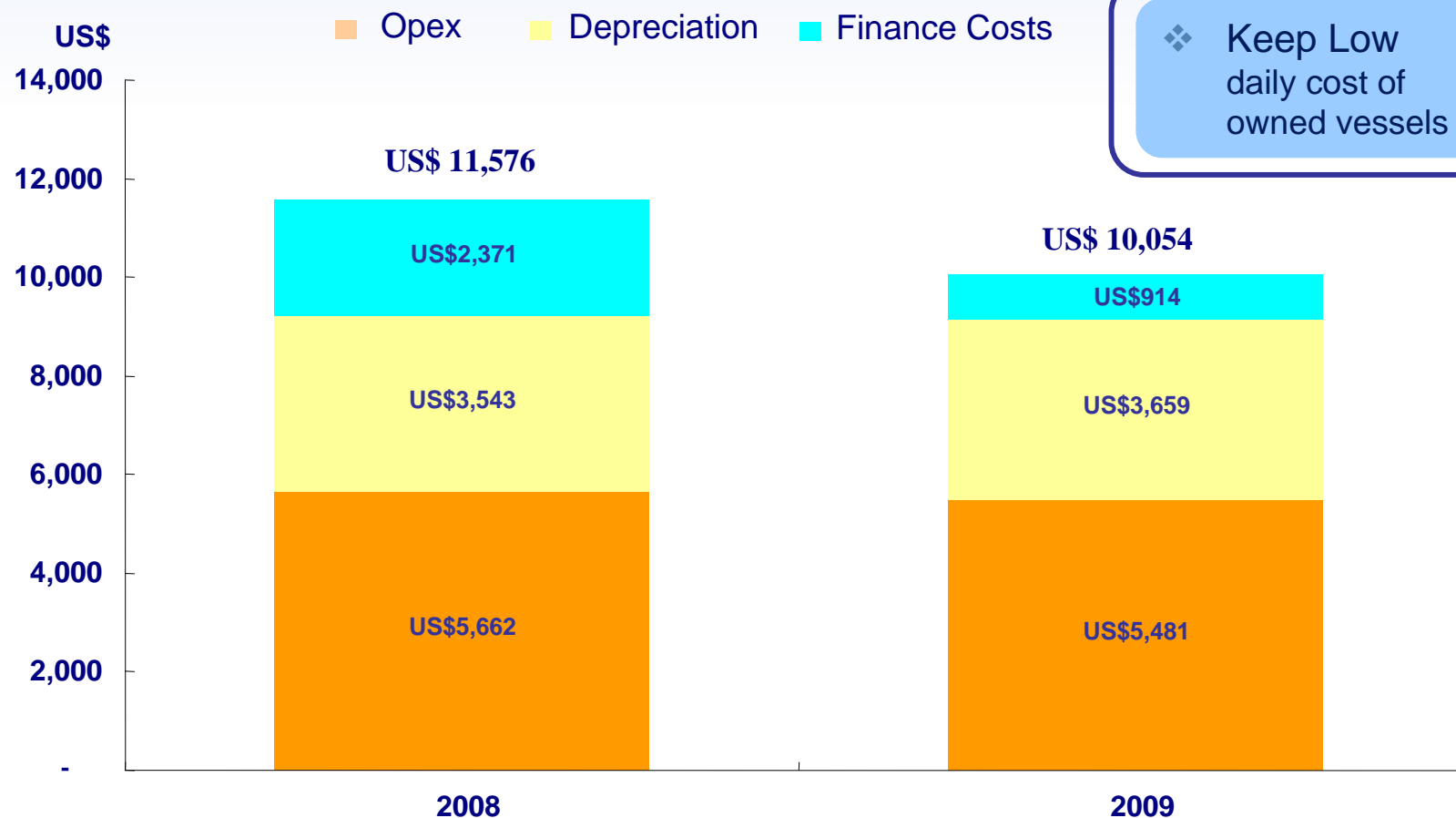
## Covered Days 2010 - 2011 Forecast



# Daily Cost of Owned Vessels

$$\text{Daily Cost} = \text{Operating Expenses} + \text{Depreciation} + \text{Finance Costs}$$

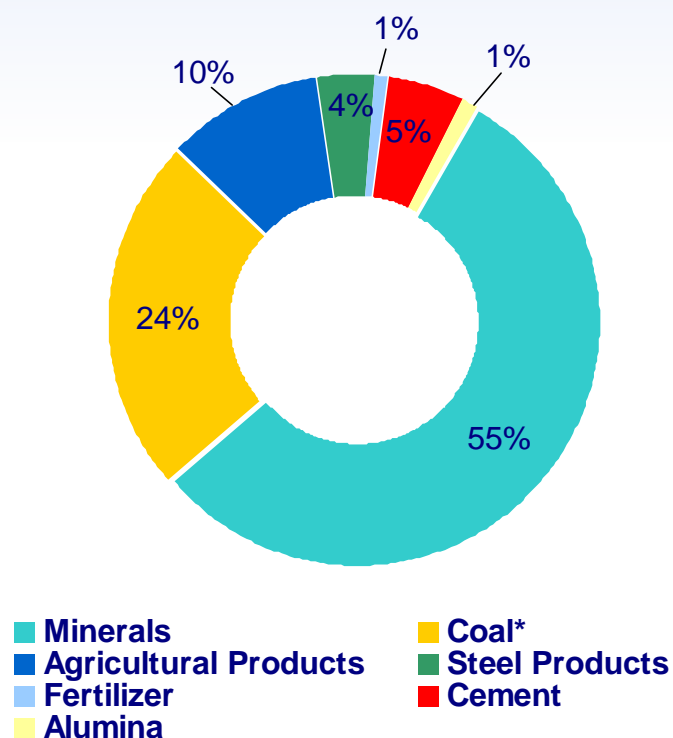
Operating expenses include crew expenses, insurance, dry-docking written off, consumable stores, spare parts, repairs and maintenance and exclude impairment loss on trade receivables



# Breakdown by Cargo Types

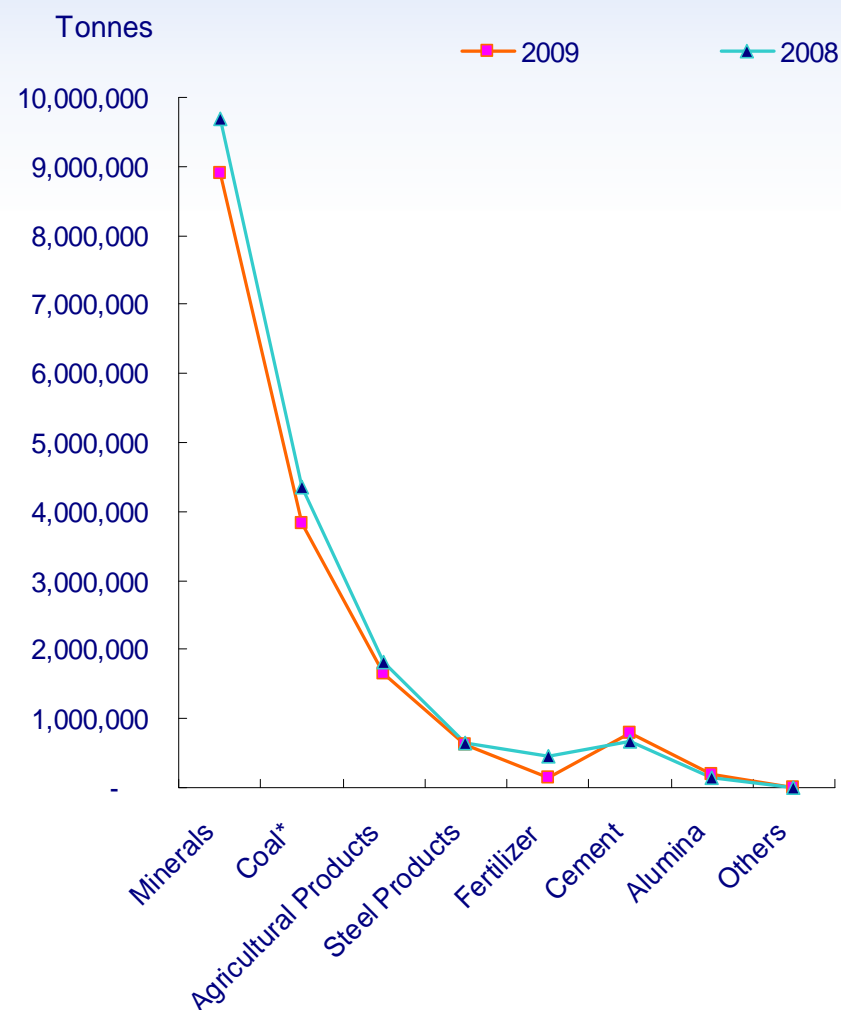
## Total Cargo Volume by Cargo Types

Cargo volume 2009



\* Including steaming coal and coking coal

Cargo by volume 2009 vs 2008

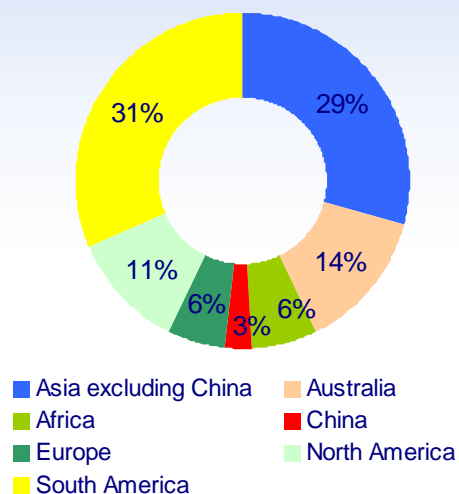




# Breakdown by Geography

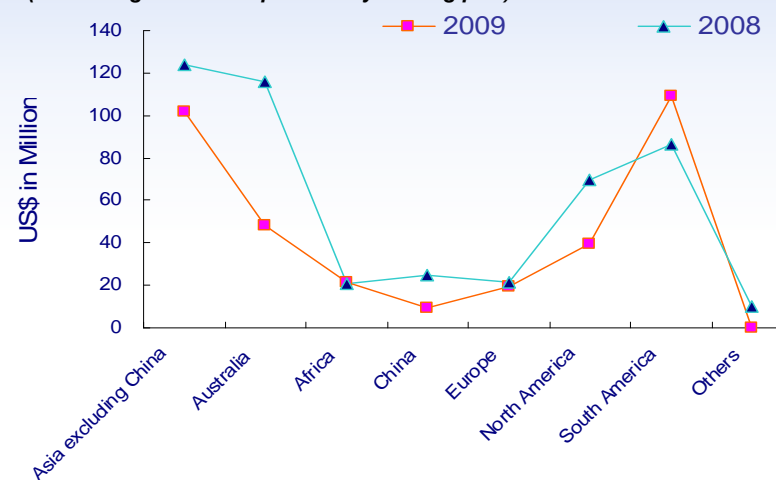
## Total Revenue by Loading Ports and Discharging Ports

### Loading port analysis 2009

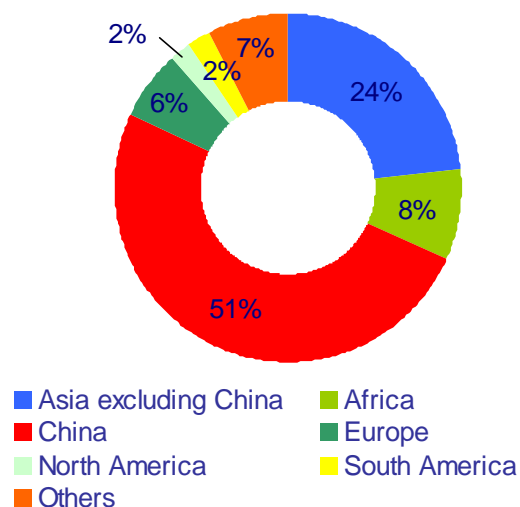


### Loading port analysis 2009 vs 2008

(Chartering revenue expressed by loading port)

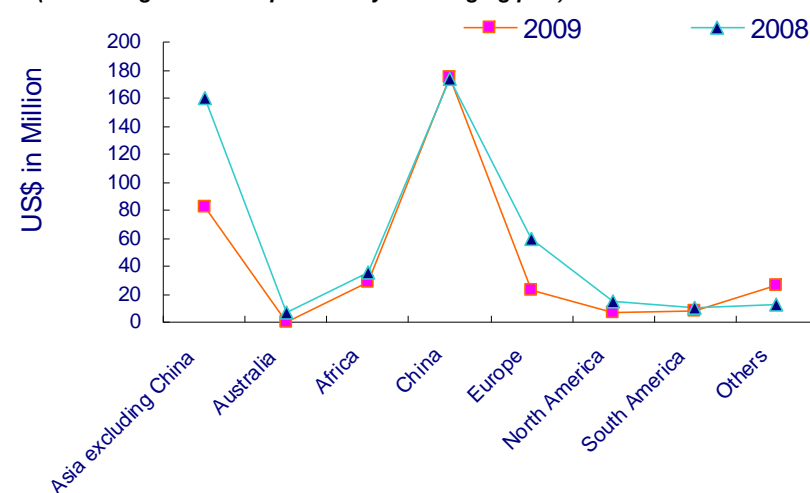


### Discharging port analysis 2009



### Discharging port analysis 2009 vs 2008

(Chartering revenue expressed by discharging port)



# Owned and Chartered-in Fleet - Revenue Covered



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

# Daily Cost of Chartered-in Vessels



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

# Important Events Occurred in the Year

## ■ Dispute between Galsworthy Limited (Galsworthy, subsidiary of the Company) & Parakou Shipping Pte Limited (Parakou):

- There is a dispute between Galsworthy and Parakou in relation to the non-performance of a charterparty evidenced by a fixture recap entered into in June 2008.
- The charterparty was arranged through Clarkson Asia Limited (Clarkson). Galsworthy claims that Parakou acted in repudiatory breach of the charterparty by refusing to take delivery of the vessel in March 2009.
- As a result of the breach, Galsworthy is claiming about US\$39.7M together with interest and costs against Parakou in March 2009. Parakou disputes Galsworthy's claim; in particular it denies that a binding charterparty was ever concluded between Galsworthy and Parakou.
- The dispute has been referred to arbitration in London as per the arbitration clause of the charterparty.

## ■ Parakou has then commenced in rem and in personam actions against Jinkang Marine Inc. (Jinkang Marine, subsidiary of the Company) & Goldbeam Shipping Inc. (GSI, subsidiary of the Company):

- The actions have been commenced against Jinkang Marine and GSI in July 2009 and August 2009 respectively in HK for an indemnity about all sums which may be awarded against Parakou in the London arbitration by Galsworthy against them.
- The alleged indemnity claim is advanced on the basis of certain representations said to have been made by either Jinkang Marine or GSI via Clarkson during the negotiation which has led to the conclusion of the charterparty between Galsworthy and Parakou. Jinkang Marine and GSI deny that Clarkson was acting on their behalf and they had made the alleged representations through Clarkson.
- For the purpose of obtaining security for the claim in HK, Parakou has arrested another vessel of the Group in South Africa through the peculiar associated ship arrest procedure there.
- As a result of the arrest, a bank guarantee backed by cash deposits of approximately US\$44.4M in favour of Parakou was provided in September 2009 to secure prompt release of that vessel.

**BOTH legal proceedings in London & HK are still underway**

# Outlook

## ■ From the macro perspective:

- Robust indicators of a sustainable recovery yet to be seen
- US & Europe economy still weak, with high unemployment & continue consumer retrenchment
- Asia economies in better shape, with China leading the way
- Uncertainties / risks in the global financial system remains, as evident by the concerns over certain sovereign credits

## ■ From the industry perspective:

- Potential supply of new vessels remain high, key risk lies in large size vessels
- Over capacity in shipbuilding sector
- 2009 = Better than expected, but underlying problems purely delayed
- Can we rely on China alone?