

Business Profile

The Company was incorporated with limited liability in Hong Kong on 23 April 1991 and listed on the Hong Kong Stock Exchange (stock code: 137) on 6 December 1991 as the holding company for a number of ship owning and ship chartering subsidiaries. The Company started diversification of business since 1992 into other business such as trading and investments in various industries in China. Following a reorganization in June 1994, Jinhui Shipping and Transportation Limited ("Jinhui Shipping") became the immediate holding company of the shipping group. In order to generate international interest in Jinhui Shipping, it has been listed on the Oslo Stock Exchange (stock code: JIN) since October 1994.

SHIPPING BUSINESS

The Group operates its worldwide shipping activities through Jinhui Shipping, an approximately 54.34% owned subsidiary of the Company as at date of this report.

The Group's shipping activities began in the mid 1980's, principally in the form of chartering dry bulk carriers worldwide. The Group masterminds a meticulous and complex shipping operation linking suppliers with end users around the world. Its chief task is to identify the exact requirements of clients and use suitable vessels to carry bulk cargo for specific voyages or periods of time.

The Group's fleet is comprised principally of Supramax class vessels, a larger and more efficient Handymax design that enjoys increasing demand from customers around the world. The Group will continue to look for earnings accretive purchases of Supramax class vessels in both newbuildings and second hand market going forward.

On the revenue side, our strategy is to maintain a flexible chartering policy to achieve an optimal balance between long term time charter parties which generates a robust cash inflow, and spot exposure which allows the Group to take advantage of any upside in future freight rates.

The keys to success in the ship chartering business are timing, performance and relationship. Ship charterers have to know their clients and suppliers well, building up a mutual bond of trust and respect. It is in this important area that the Group has always excelled, helping to cement contracts and maintain reasonable market share even during difficult periods when the economy has been weak.

In order to enhance its relationship with clients worldwide and its efficiency in the chartering operations, the Group has established a shipping branch office in New York since 1995.

It is the Group's policy to comply with all applicable environmental legislation and regulations in its shipping operations to avoid the emission of noxious liquids into the environment. Accordingly, all the Group's vessels are equipped with the appropriate preventive, monitoring and control devices to meet legal and regulatory requirements.

Business Profile

SHIPPING BUSINESS *(Continued)*

Owned Vessels

As at 31 December 2006, the Group owned twelve vessels. Based on the best estimation made by the Group as at 31 December 2006, the Group's owned vessels had a total market value of US\$512.8 million (approximately HK\$4,000 million), representing 53% higher than their total net book value of approximately HK\$2,608 million.

Name	Type	Built	Builder	Size (dwt)	Market value as at 31/12/2006 US\$m
Jin He	Panamax	2006	Oshima	77,250	54.0
Jin Sheng	Supramax	2006	IHI	52,050	46.5
Jin Hai	Supramax	2005	Oshima	55,557	45.8
Jin Yao	Supramax	2004	IHI	52,050	44.5
Jin Ping	Supramax	2002	Oshima	50,777	41.5
Jin Fu	Supramax	2001	Oshima	50,777	40.5
Jin Li	Supramax	2001	Oshima	50,777	40.5
Jin Kang	Supramax	2001	Mitsui	50,212	40.5
Jin Zhou	Supramax	2001	Mitsui	50,209	40.5
Jin An	Supramax	2000	Oshima	50,786	39.5
Jin Hui	Supramax	2000	Oshima	50,777	39.5
Jin Rong	Supramax	2000	Mitsui	50,236	39.5
				641,458	512.8

Business Profile

SHIPPING BUSINESS *(Continued)*

Ordered Vessels

As at 31 December 2006, the Group also committed to acquire eleven newbuildings and three second hand vessels. Based on the best estimation made by the Group as at 31 December 2006, these ordered newbuildings and second hand vessels had a total market value of US\$600 million (approximately HK\$4,680 million), representing 40% higher than their total contract price of approximately HK\$3,354 million.

Name	Type	Built	Builder	Size (dwt)	Expected delivery	Market value as at 31/12/2006 US\$m
Jin Quan (ex Lowlands Patrasche)	Supramax	2002	Oshima	51,104	17 Apr 2007	41.5
Mineral Shanghai (to be named Jin Tai)	Capesize	2004	Shanghai Waigaoqiao	173,880	Apr to Jul 2007	89.0
Jin Yuan	Supramax	2007	Oshima	55,300	Jun 2007	47.8
Jin Yi	Supramax	2007	Oshima	55,300	Jul 2007	47.8
Jin Xing	Supramax	2007	Oshima	55,300	Aug 2007	47.8
Jin Man	Supramax	2008	Oshima	55,300	Mar 2008	42.5
Jin Pu	Supramax	2008	Oshima	55,300	Mar 2008	38.5
Arran Trader (to be named Jin Bi)	Handymax	2000	Oshima	48,220	Jul to Oct 2008	28.0
Jin Shun	Supramax	2009	Oshima	54,200	Mar 2009	37.8
Jin Mao	Supramax	2009	Oshima	54,200	Nov 2009	37.3
Jin Heng	Supramax	2010	Nantong Kawasaki	55,000	Jun 2010	35.5
Jin Yang	Supramax	2010	Tsuneishi	58,000	Jul 2010	35.5
Jin Xiao	Supramax	2010	Tsuneishi	58,000	Oct 2010	35.5
Jin Ming	Supramax	2010	Oshima	54,100	Dec 2010	35.5
				883,204		600.0

Business Profile

SHIPPING BUSINESS *(Continued)*

Ordered Vessels *(Continued)*

Subsequent to the year ended 31 December 2006 and up to the date of this report, the Group further committed to acquire the following second hand vessel and two newbuildings at total consideration of US\$40.5 million and JPY6,880 million (approximately HK\$767 million in total).

Name	Type	Built	Builder	Size (dwt)	Expected delivery
Jin Cheng (ex Belpareil)	Supramax	2003	Oshima	52,961	26 Mar 2007
Jin Han	Supramax	2011	Oshima	54,100	Mar 2011
Jin Hong	Supramax	2011	Oshima	54,100	Sep 2011
				161,161	

Chartered-in Vessels

Apart from the owned vessels, the Group currently operates eight chartered-in vessels as at date of this report.

Name	Type	Built	Size (dwt)	Charter in date	Expiry	Expiry if exercise of chartering option
Mineral Shanghai	Capesize	2004	173,880	May 2005	Jul 2007	–
Gran Trader	Capesize	2001	172,579	Feb 2005	May 2008	–
Red Lily	Panamax	2004	76,500	Sep 2004	Sep 2009	Sep 2011
Goldbeam Trader	Panamax	2001	74,247	Mar 2007	May 2009	–
Bergen Trader	Panamax	2000	75,933	Jan 2007	Aug 2008	–
Bruno Salamon	Panamax	1998	73,965	Dec 2005	Feb 2008	–
Canton Trader *	Supramax	2003	52,300	Apr 2003	Apr 2007	Apr 2010
Arran Trader	Handymax	2000	48,220	Aug 2006	Sep 2008	–
				747,624		

*Note *:* The motor vessel "Canton Trader" has been chartered-in by the Group since April 2003 with purchase option exercisable by the Group on or after April 2005 at around US\$22 million (approximately HK\$170 million) which will be de-escalating by US\$1 million per annum until April 2010. Based on the best estimation made by the Group, the market value of this vessel was US\$40 million (approximately HK\$312 million) as at 31 December 2006.

Business Profile

SHIPPING BUSINESS *(Continued)*

Chartered-in Vessels *(Continued)*

In addition, the Group will charter in three more Capesize vessels in the coming years.

Vessel type	Built	Size (dwt)	Expected charter in date	Expiry	Expiry if exercise of chartering option
Capesize	2006	174,008	Jan to Jun 2008	Mar 2013	Apr 2014
Capesize	2008	170,500	Aug to Nov 2008	Oct 2013	–
Capesize	2008/2009	170,500	Dec 2008 to Feb 2009	Feb 2014	–
		515,008			

TRADING

The Group's trading activities have been carried out by Yee Lee Technology Company Limited ("Yee Lee") and its subsidiaries, which are principally engaged in the business of trading chemical and industrial raw materials serving various industries such as printed circuit boards, electroplating, bleaching and dyeing, packaging paper and electronics. The Group has 75% equity interests in the share capital of Yee Lee.

OTHER LONG TERM INVESTMENT

The Group has, through a wholly-owned subsidiary of Jinhui Shipping, invested around HK\$45 million in Shanxi Jinyao Coke & Chemicals Ltd. ("Shanxi Jinyao") since 1995, in Shanxi Province of China, where the country's largest and best coking coal reserve is found. Shanxi Jinyao operates battery type of metallurgical coke production and can achieve an annual capacity of around 280,000 tonnes.

Pursuant to the investment contract, the Group is entitled to 85% of Shanxi Jinyao's earnings up to the time when the accumulated earnings received by the Group from Shanxi Jinyao is equivalent to the amount of investment made by the Group, which had already been achieved in 2004. Thereafter, the Group is entitled to 32% of Shanxi Jinyao's earnings until expiry term of the investment contract in 2015.