

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 50.21% 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 charter in suitable vessels to carry bulk cargo for specific voyages or periods of time.

The Group also owns a number of vessels which are either used for carrying cargo or time chartered-out to other shipping operators, whichever is expected to bring a higher economic benefit to the Group. The Group's owned vessels and ordered vessels as at date of this report are listed below:

### Owned Vessels

Name	Type	Built	Builder	Size (dwt)
Jin Yang	Panamax	2005	Imabari	76,629
Jin Sheng	Panamax	2005	Tsuneishi	76,343
Jin Hai	Handymax	2005	Oshima	55,557
Jin Ping	Handymax	2002	Oshima	50,777
Jin Fu	Handymax	2001	Oshima	50,777
Jin Li	Handymax	2001	Oshima	50,777
Jin Kang	Handymax	2001	Mitsui	50,212
Jin Zhou	Handymax	2001	Mitsui	50,209
Jin An	Handymax	2000	Oshima	50,786
Jin Hui	Handymax	2000	Oshima	50,777
Jin Da	Handymax	1986	C.S.B.C.	41,346
Jin Shun	Handysize	1984	Imabari	39,728
Jin Bi	Handysize	1983	Mitsubishi H.I.	34,062
				677,980

*Based on the valuation made by the independent professional valuer, HSBC Shipping Services Limited, the total market value of the above vessels as at 31 December 2005 was approximately HK\$2,458 million as compared to their net book values of approximately HK\$2,115 million.*

# Business Profile

## SHIPPING BUSINESS (Continued)

### Ordered Vessels

Name	Type	Built	Builder	Size (dwt)	Expected delivery
Jin He*	Panamax	2006	Oshima	77,000	Apr 2006
Mineral Shanghai	Capesize	2004	Shanghai Waigaoqiao	173,880	Mar to Jul 2007
Jin Yuan*	Handymax	2007	Oshima	55,300	Jun 2007
Jin Yi*	Handymax	2007	Oshima	55,300	Jul 2007
Jin Xing*	Handymax	2007	Oshima	55,300	Oct 2007
Jin Man	Handymax	2008	Oshima	55,300	Mar 2008
Jin Pu	Handymax	2008	Oshima	55,300	Dec 2008
				527,380	

\* As at 31 December 2005, the Group had committed to acquire these four newbuildings. The market values of these newbuildings under constructions as at 31 December 2005 were valued by the independent professional valuer, HSBC Shipping Services Limited, at approximately HK\$987 million as compared to the total contract prices of approximately HK\$767 million.

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

### Chartered-in Vessels

Name	Type	Built	Size (dwt)
Mineral Shanghai	Capesize	2004	173,880
Gran Trader	Capesize	2001	172,579
Red Lily	Panamax	2004	76,500
Goldbeam Trader	Panamax	2001	74,247
Bruno Salamon	Panamax	1998	73,965
Canton Trader #	Handymax	2003	52,300
Nordglint	Handymax	2000	50,236
			673,707

# 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 valuation made by the independent professional valuer, HSBC Shipping Services Limited, the market value of this vessel as at 31 December 2005 was approximately HK\$236 million.



## SHIPPING BUSINESS *(Continued)*

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.

## 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 has achieved 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.

