INTERIM RESULTS

The consolidated turnover of the Group for the period was HK$717,400,000, representing a decrease of 32% as compared to that of last corresponding period. The Group's net profit attributable to shareholders of the Company for the period amounted to HK$122,405,000 whereas a net profit of HK$338,346,000 was recorded for last corresponding period. Basic earnings per share was HK$0.229 for the period as against basic earnings per share of HK$0.639 for last corresponding period.

The profit for the period was partly attributed to the gain of HK$193,866,000 on the completion of the disposal of four motor vessels by the Group whereas the profit for last corresponding period was partly attributed to the cancellation fee income of approximately HK$156,000,000 on compensation received from a counterparty on early termination of a long term time charter party.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2006 (2005: HK$0.19 per share).

BUSINESS REVIEW

Chartering freight and hire. The Group operates its worldwide shipping activities through Jinhui Shipping and Transportation Limited ("Jinhui Shipping"), an approximately 50.21% owned subsidiary of the Company whose shares are listed on the Oslo Stock Exchange.

After a slow start at the beginning of the year, the chartering market rose steadily, simply due to the demand for tonnage has consistently outstripped supply. The Baltic Dry Index dropped around 400 points to 2,033 in late January 2006 and then picked up steadily to close at 2,964 by the end of June 2006.

The Group's shipping turnover for the period amounted to HK$554,223,000; representing a decrease of 40% over last corresponding period. During the period, the Group's revenue was affected by comparatively low freight rates and the Group's profit was partly offset by the operating loss of two Capesize vessels chartered-in by the Group since mid 2005 at comparatively high costs at the then prevailing market conditions.

The average daily time charter equivalent rates of the Group's fleet were as follows:

	2006 first half	2005 first half	2005
	US$	*US$*	*US$*
Capesize	**34,557**	61,600	44,806
Panamax	**19,381**	34,108	28,400
Handymax	**18,341**	26,468	24,174
Handysize	**10,347**	18,406	14,811
In average	**19,445**	30,688	26,375

As an ongoing effort to maintain a young modern fleet and putting its focus on the ownership of a sizeable Handymax fleet, the Group entered into agreements during the period to dispose of five motor vessels comprising two Handysizes and one Handymax built in the 1980s and two modern Panamaxes, at a total consideration of US$102,050,000 (approximately HK$795,990,000), of which four have been delivered to the respective purchasers during the period and realized a gain of HK$193,866,000. On completion of the disposal of the fifth vessel, the Group expects to realize a further gain of around HK$15,600,000 in the second half of 2006.

During the period, the Group has committed to purchase three additional Handymax newbuildings and one 2004-built Capesize vessel at total purchase prices of US$60,000,000 and JPY10,290,000,000 (approximately HK$1,162,009,000 in total). In addition, one newly built Panamax contracted by the Group in 2004 at purchase price of US$31,500,000 (approximately HK$245,700,000) had also been delivered to the Group during the period.

As at 30 June 2006, the Group had committed to acquire seven motor vessels comprising six Handymax newbuildings and one second hand Capesize vessel at total purchase prices of US$98,500,000 and JPY13,640,000,000 (approximately HK$1,688,250,000 in total); of which four will be delivered in 2007, two in 2008 and one in 2009; and the total amounts contracted but not provided for, net of deposits paid, were US$88,650,000 and JPY12,276,000,000 (approximately HK$1,519,425,000 in total).

Trading and other operations. The Group operates its trading of chemical and industrial raw materials through Yee Lee Technology Company Limited, a 75% owned subsidiary of the Company. The turnover for the Group's trading business was HK$163,177,000, representing an increase of 26% as compared to that of last corresponding period. Despite an increase in turnover, the profit margin dropped due to the increase in costs of purchase of raw materials. As a result, the Group's trading business recorded an operating profit of HK$5,319,000 as compared to an operating profit of HK$6,214,000 for last corresponding period.

The Group's other operations recorded an operating loss of HK$26,552,000 as compared to an operating loss of HK$4,600,000 for last corresponding period. The loss for the period was primarily due to the net loss on the investment in financial derivatives relating to forward foreign exchange contracts and options.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure. During the period, upon receiving the net sale proceeds on completion of the disposal of four motor vessels and offset by cash used to partially finance the delivery of one additional vessel, the total of the Group's equity and debt securities, equity linked investments, bank balances and cash increased to HK$803,793,000 as at 30 June 2006 (31/12/2005: HK$460,815,000). The Group's bank and other borrowings decreased to HK$981,496,000 as at 30 June 2006 (31/12/2005: HK$1,159,803,000), of which 15%, 8%, 27% and 50% are repayable respectively within one year, one to two years, two to five years and over five years. The gearing ratio, as calculated on the basis of net debts (total interest-bearing debts net of equity and debt securities, equity linked investments, cash and cash equivalents) over total equity, was 9% (31/12/2005: 38%). All the bank and other borrowings were committed on floating rate basis and were denominated mainly in United States Dollars and Japanese Yen. Certain interest rate swap arrangements have been in place in order to mitigate the risk associated with the increase in interest rates. With cash, marketable equity and debt securities, and equity linked investments in hand as well as available banking facilities, the Group's liquidity position remains strong and the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

Pledge of assets. As at 30 June 2006, the Group's credit facilities were secured by certain of the Group's property, plant and equipment and investment properties with an aggregate net book value of HK$1,847,723,000 (31/12/2005: HK$2,079,281,000), financial assets at fair value through profit or loss with market value of HK$86,191,000 (31/12/2005: nil) and bank deposits of HK$9,517,000 (31/12/2005: HK$19,610,000). Shares of eight (31/12/2005: ten) ship owning companies of the Group, were also pledged together with the assignment of chartering income of nine (31/12/2005: ten) ship owning companies to secure credit facilities utilized by the Group.

Capital expenditures and commitments. Out of the Group's capital expenditures totalling HK$295,083,000 for the period ended 30 June 2006 (year ended 31/12/2005: HK$1,173,839,000), approximately HK$280,973,000 (year ended 31/12/2005: HK$1,171,864,000) was spent on the construction of the Group's vessels.

As at 30 June 2006, there were outstanding capital commitments relating to the newbuildings and acquisition of seven (31/12/2005: four) dry bulk carriers at a total purchase price of approximately HK$1,688,250,000 (31/12/2005: HK$766,738,000) and the total amount contracted but not provided for, net of deposits paid, was approximately HK$1,519,425,000 (31/12/2005: HK$665,494,000).