

# Business Profile

The Company was incorporated with limited liability in Hong Kong on 23 April 1991 and listed on the Hong Kong Stock Exchange (code: 137) on 6 December 1991 as the holding company for a number of ship owning and ship chartering subsidiaries. The Group's shipping activities began in mid 1980's and started diversification of its business since 1992 into other businesses such as trading and investments 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 within an internationally recognized maritime orientated business community, such as community in Norway, it was listed on the Oslo Stock Exchange (code: JIN) since October 1994. The Company currently owns approximately 50.9% interests in Jinhui Shipping.

## SHIPPING BUSINESS

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 its own 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 as at the date of this report are listed below:

Name of motor vessels	Type	Deadweight Tonnage (Metric Tons)	Year built	Builder
M.V. Jin Kang	Panamax	74,204	2002	Oshima
M.V. Jin Tai	Panamax	74,204	2002	Oshima
M.V. Jin Ping	Handymax	50,777	2002	Oshima
M.V. Jin Fu	Handymax	50,777	2001	Oshima
M.V. Jin Li	Handymax	50,777	2001	Oshima
M.V. Jin An	Handymax	50,786	2000	Oshima
M.V. Jin Hui	Handymax	50,777	2000	Oshima
M.V. Jin Da	Handymax	41,346	1986	C.S.B.C.
M.V. Jin Shun	Handysize	39,728	1984	Imabari
M.V. Jin Bi	Handysize	34,062	1983	Mitsubishi H.I.

Vessels under construction (to be named)	Type	Deadweight Tonnage (Metric Tons)	Expected delivery date	Builder
M.V. Jin Hai	Handymax	55,500	Feb. to May 2005	Oshima
M.V. Jin Sheng	Panamax	76,300	Dec. 2005	Tsuneishi
M.V. Jin Yi	Handymax	55,300	Jul. 2007	Oshima
M.V. Jin Xing	Handymax	55,300	Oct. 2007	Oshima

## SHIPPING BUSINESS (Continued)

Apart from the owned vessels, the Group currently operates around twelve chartered-in vessels including one Capesize, six Panamaxs and five Handymaxes at the date of this report.

Type	Deadweight Tonnage (Metric Tons)	Year built	Builder
<i>Chartered-in vessels with options to acquire at specific dates:</i>			
Capesize	172,579	2001	NKK
Handymax	52,300	2003	Tsuneishi
<i>Chartered-in vessels:</i>			
Panamax	74,247	2001	Sasebo
Panamax	74,227	2001	Daewoo
Panamax	74,837	2000	Hu Dong
Panamax	74,271	2000	Namura
Panamax	74,099	2000	Jiangnan
Panamax	72,400	1998	Sasebo
Handymax	50,320	2002	Mitsui
Handymax	50,316	2002	Mitsui
Handymax	50,296	2002	Mitsui
Handymax	50,236	2000	Mitsui

The key to success in the ship chartering business is 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.

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### TRADING

In December 1994, the Group acquired 75 % equity interests in Yee Lee Technology Company Limited (“Yee Lee”) at a cost of around HK\$60 million. Yee Lee and its subsidiaries 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, paper products and electronics.

### OTHER LONG TERM INVESTMENT

Since 1995, the Group has, through a wholly-owned subsidiary of Jinhui Shipping, invested around HK\$45 million, representing 36.7% equity interests, in a co-operative joint venture, namely Shanxi Jinyao Coke & Chemicals Ltd. (“Jinyao”), in Shanxi Province of China, where the country’s largest and best coking coal reserve is found. Jinyao operates battery type of metallurgical coke production and has currently achieved an annual capacity of around 265,000 tonnes. The investment is expected to bring contribution to the Group for 20 years up to 2015.