

Business Profile

The Company was incorporated with limited liability in Hong Kong on 23 April 1991 and listed on the 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 businesses such as trading and investments in various industries in China. Following a reorganization in June 1994, Jinhui Shipping became the immediate holding company of the shipping group. In order to generate international interest in Jinhui Shipping, it was listed on the Oslo Stock Exchange (stock code: JIN) since October 1994. The Company currently owns approximately 59.61% 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, newbuildings under construction and vessels acquired but not yet delivered as at date of this report are listed below:

Owned Vessels

Name of vessels	Type	DWT	Year built	Builder	Market value* US\$'000
Jin Hai	Handymax	55,557	2005	Oshima	41,000
Jin Ping	Handymax	50,777	2002	Oshima	35,000
Jin Fu	Handymax	50,777	2001	Oshima	33,000
Jin Li	Handymax	50,777	2001	Oshima	33,000
Jin An	Handymax	50,786	2000	Oshima	31,000
Jin Hui	Handymax	50,777	2000	Oshima	31,000
Jin Da	Handymax	41,346	1986	C.S.B.C.	15,000
Jin Shun	Handysize	39,728	1984	Imabari	12,500
Jin Bi	Handysize	34,062	1983	Mitsubishi H.I.	11,000
		424,587			242,500

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Newbuildings under construction

To be named	Type	DWT	Expected delivery date	Builder	Market value* US\$'000
Jin Yang	Panamax	76,500	Apr 2005	Imabari	45,000
Jin Sheng	Panamax	76,300	Dec 2005	Tsuneishi	42,000
Jin He	Panamax	77,000	Apr 2006	Oshima	40,000
Jin Yi	Handymax	55,300	Jul 2007	Oshima	31,000
Jin Xing	Handymax	55,300	Oct 2007	Oshima	30,000
		340,400			188,000

* Market values of vessels as at 31 December 2004 were made by an independent professional valuer, HSBC Shipping Services Limited.

Vessels acquired but not yet delivered

Name of vessels	Type	DWT	Year built	Builder	Expected delivery date
Progreso Dos	Handymax	50,212	2001	Mitsui	Apr 2005
Futuro Dos	Handymax	50,212	2001	Mitsui	Jun 2005
		100,424			

Apart from the owned vessels, the Group currently operates around twelve chartered-in vessels including one Capesize, eight Panamaxs and three Handymaxs as at date of this report.

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Chartered-in vessels

Name of vessels	Type	DWT	Year built
Gran Trader	Capesize	172,579	2001
Red Lily	Panamax	76,500	2004
Goldbeam Trader	Panamax	74,247	2001
Alpha Afovos	Panamax	74,227	2001
Yong Huan	Panamax	74,837	2000
Tian Bai Feng	Panamax	74,271	2000
Yong Feng	Panamax	74,099	2000
Endless	Panamax	73,427	1999
Ocean Favour	Panamax	72,400	1998
Canton Trader (note #)	Handymax	52,300	2003
Nord Monaco	Handymax	50,296	2002
Nordglimt	Handymax	50,236	2000
		919,419	

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 until April 2010. The market value of this vessel as at 31 December 2004, which was made by an independent professional valuer, HSBC Shipping Services Limited, was US\$35 million.

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.

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TRADING

The Group's main trading activities have been carried out by Yee Lee Technology Company Limited ("Yee Lee") and its subsidiaries. The Group has 75% equity interests in Yee Lee. 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 packaging 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 280,000 tonnes. The investment is expected to bring contribution to the Group for 20 years up to 2015.