

EMPLOYEES

As at 30 June 2005, the Group had 106 full-time employees and 307 crew (31/12/2004: 106 full-time employees and 208 crew). The Group remunerates its employees in accordance with their performances, experiences and prevailing market practices and provides them with usual fringe benefits including medical insurance and contributions to provident fund. Share options and bonuses are also available to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group.

OUTLOOK

As at date of this report, the total capacity of the Group's fleet is around deadweight 1.6 million metric tons comprising twelve owned vessels and twelve chartered-in vessels, and approximately 82% of the Group's revenue days in 2005 have been covered.

The current demand-supply condition remains tightly balanced in the dry bulk market, where congestion will exaggerate the upward freight trend, and a slack market will amplify the fall. This, coupled with seasonality of seaborne dry bulk trade causes huge volatility in the dry bulk freight rates. However, the Board continues to believe the long term structural drivers, including the Chinese secular demand for commodities, the continued supply chain issues with long lead times, and shipyards worldwide already operating at full capacity with little incentive to build low margin dry bulk vessels, will lead to a healthy operating environment for our shipping business going forward. In addition, the Group's trading business and investments in China will also continue to contribute steady returns to the Group.

COMMITMENT TO EXCELLENCE

Recently, Jinhui Shipping received an award from Marine Money International where Jinhui Shipping was ranked the 8th place out of 74 international shipping companies on 18 different stock exchanges in terms of outstanding financial performance in 2004.

The Group will continue with our commitment to excellence, and will continue to raise the Group's profile as a leading publicly listed shipping company.