



HUATAI INSURANCE AGENCY & CONSULTANT SERVICE LTD.

Add: 14F China Re Building, No. 11 Jin Rong Avenue, Xicheng District, Beijing 100140, China
Tel: (8610) 66576588 Fax: (8610) 66576508 E-mail: beijing@huatai-serv.com Http://www.huatai-serv.com

Circular

Date: 19 June 2008

To our principals

Dear Sirs,

Subject: Change Of Regulations/Circumstances of Chinese Ports During Olympics 2008

As the world shipping industry is becoming concerned with the special situations at Chinese ports during Beijing 2008 Olympics, we have tried through various channels to collect some information regarding changes of regulations and administrative circumstances for the reference of our clients, in the hope that ships are made alert of these changes and get better prepared when calling at Chinese ports to avoid unnecessary troubles.

1) Carriage of Hazardous Cargo

Supervision on carriage and operation of hazardous cargo will be heightened and certain hazardous commodities will not be allowed to be operated at most Chinese ports.

Shanghai MSA issued a notice on 20 May 2008 regarding supervision of carriage and operation of hazardous cargo at Shanghai, major points of which are quoted as follows:

1. The high temperature period of 2008 is adjusted to be from 15 June 2008 to 10 October 2008. During this period, supervision on safe carriage of hazardous cargo by sea as well as anti-pollution activities will be enhanced.

2. During the high temperature period, vessels carrying hazardous cargo should follow the requirements outlined in <Notice released by Shanghai Maritime Safety Administration regarding further implementation of supervision on safe carriage of hazardous liquid goods in bulk by sea (HuHaiWeiFang(2005) No. 275), as well as the regulations with regard to

control of age and type of vessels. Vessels are also required to fulfill necessary convoy measure.

3. The following restriction measures shall be carried out during the temporary restriction period from 20 July to 31 August.

(1) Approval of following matters will be suspended:

- a. entrance and operation of vessels which carry radiative, explosive and toxic cargo*
- b. hold cleaning with crude oil in port*
- c. lustrating air operation in port*

(2) Precautionary control will be carried out on vessels which carry hazardous liquid goods in bulk

Vessels carrying hazardous liquid goods in bulk other than the above-mentioned hazardous goods, if they do need to come into port in temporary restriction period, will be closely monitored by MSA with strict regulatory measures. Cargo owners and related port operation organizations should submit the movement schedule, emergency contact list, and precautionary plan to Shanghai MSA in written form before 15 July 2008. Vessels can enter into and exit the port only after approval.

Forms of the movement schedule and emergency contact list can be downloaded at Shanghai MSA Website: www.shmsa.gov.cn. They have to be submitted to Shanghai MSA in written, accompanied by EXCEL format in a disk or by email to wfc@shmsa.gov.cn.

4. Vessels and relevant organizations should comply with the above mentioned regulations, adjust transportation and production schedule, and get well prepared for emergencies. If the loaded hazardous cargo is indeed urgently needed for national economy or people livelihood, a special application should be submitted well beforehand to Shanghai MSA. The vessel can enter into and exit port only after approval.

Although no similar official order has been seen in this respect at other ports, we have found the following information on many shipping websites and therefore quote it as follows for your reference only without assuring its reliability:

In order to ensure safety of port operations of hazardous cargo during Olympics, from 16 July to 31 August the following ports will stop operation of some hazardous cargo and restrict passing through of the same:

Shanghai, Ningbo, Qingdao, Dalian, Xingang/Tianjin.

Types of restricted cargo are as follows:

Class 1, Class 5.2, Class 7

Class 2.3

UN Code 1008, 1749, 1911, 2188, 2417, 2548, 3162, 1017, 2190, 2420, 1026, 1045, 1067, 1076

Class 3

UN Code 1090, 1091 and any cargo that contains "acet." In its formula.

Class 5.1

UN Code 1942, 2067, 2426, 3375 and any cargo that contains "NH₄NO₃" in its formula.

Class 5.1(8)

UN Code: 1511, 2014, 2051 and any cargo that contains "hydrogen peroxide" in its formula.

Class 6.1

UN Code: 1051, 1135, 1238, 1320, 1510, 1561, 1611, 1092, 1143, 1239, 1348, 1541, 1570, 1624, 1093, 1163, 1244, 1380, 1544, 1575, 1625, 1098, 1182, 1251, 1545, 1577, 1629, 1185, 1259, 1553, 1580, 1634, 1194, 1554, 1585, 1636, 1556, 1588, 1638, 1559, 1595, 1641, 1560, 1598, 1649, 1651, 1689, 1701, 1809, 1911, 2025, 1654, 1692, 1704, 1810, 1921, 2026, 1670, 1695, 1707, 1837, 1994, 2027, 1674, 1697, 1714, 1868, 2029, 1678, 1698, 1730, 1886, 2078, 1680, 1749, 1687, 1751, 1754, 2232, 2334, 2404, 2501, 2629, 2745, 2810, 2249, 2337, 2411, 2567, 2630, 2751, 2811, 2267, 2378, 2471, 2570, 2642, 2757, 2862, 2284, 2381, 2480, 2588, 2644, 2761, 2873, 2382, 2487, 2646, 2771, 2493, 2649, 2779, 2671, 2783, 2786, 2788, 2923, 3018, 3146, 3246, 2927, 3027, 3155, 3249, 2929, 3079, 3288, 2966, 3086, 3290

Carriage of other commodities in Class 6.1 other than the above should be submitted to MSA for approval in advance.

Class 8

UN Code 1830, 1831, 1832, 2796 and any cargo that contains "vitriol" in its

formula

UN Code 2031, 2032 and any cargo that contains "nitric acid" in its formula

UN Code 1789,1790 and any cargo that contains "hydrochloric acid" in its formula

Class 9

UN Code 2071

2) Security levels

Security levels of most ports will remain unchanged, except Qingdao the security level of which is very likely be heightened. But similarly, no official information has been released yet.

However, security supervision will surely be enhanced at every port according to our discussion with local MSA. For example, at Tianjin, although crew landing applications procedures will remain unchanged, but unlike before, both seaman's certificate and passport will have to be submitted in advance. At Guangzhou, strict comprehensive inspections will be conducted, especially PSC inspection in that previously vessels will be checked by spot test, but now all the vessels will be subject to strict PSC inspection.

3) Special situations at Qingdao

Because the Sailboat Games will mainly be held around Qingdao waters, Qingdao MSA issued a special notice on 06 Jun 2008 to relevant parties to ensure maritime safety, in which they announced:

Before conclusion of the Olympics, Qingdao MSA will

enhance pilotage safety, fight against illegal sailing;

continue to strengthen sailing safety during fog season, strictly carry out transportation restrict measures in foggy weathers such as increasing space between two vessels, forbid surpassing and implementing one-way sailing, etc to prevent collisions due to fog;

enhance supervision on carriage of hazardous cargo, heighten submission and approval procedures, punish cheating and omitting of reporting;

enhance supervision of vessel communication order and heighten inspection on communication watch of arriving vessels in order to ensure communications are always kept in order;

enhance safety inspection and urge improvement of vessels which have poor management, technical condition of poor crew equipment, and detain vessels which have serious abovementioned problems;

enhance on-site inspection and supervision, punish illegal act such as overloading and insufficient manning;

adopt heavy penalty level for acts that breaks regulations and laws before conclusion of Olympics.

We also quote a piece of news we found from a local newspaper regarding special measures on sailing supervision as follows:

During Sailboat Games of 2008, Shandong MSA will adopt strict supervision measures such as restricting vessel flow, sailing speed, vessel type, sailing time and area etc to monitor the vessels arriving and departing Qingdao.

During the Games, MSA at all ports should conduct comprehensive inspection to vessels departing for Qingdao before sailing, in order to ensure safety of vessels arriving at Qingdao.

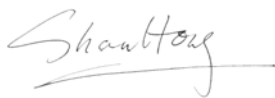
During the Games, Qingdao MSA will conduct long-distance control over vessels sailing around Qingdao waters, set up supervision stations on the course to Qingdao port, and have patrol vessels to assist the transportation on site. At the same time, MSA officers, Frontier Guard and anti-terrorist experts will be arranged to examine the security information of vessels, scrutinizing suspect vessels and vessels that carry hazardous cargo through information exchange with the arriving vessels; suspected vessels will be reported to public security and frontier guard in time following relevant procedures; vessels that break into course by force will be headed off.

Nevertheless, the above five restriction measures, when actually adopted, will be noticed to relevant parties in advance and managed appropriately, so that container lines, tanker lines and cargo transportation will not be affected.

Meantime, salvage/wreck removal force will be enhanced. Oil pollution emergency action will be ready to be activated.

We hope the above will be of some assistance to you and your members/insured. We will keep an eye on development and keep you duly abreast with any new regulations/changes. Should you have any query, please feel free to contact us.

Yours faithfully



Shan Hong
General Manager, Marine Service C&M Group
Huatai Insurance Agency & Consultant Service Ltd.