



COSCO CORPORATION (SINGAPORE) LIMITED
(Company Registration no:- 196100159G)

Unaudited Second Quarter Financial Statement Announcement for the Period Ended 30 June 2008

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

(i) Income Statement

	Group					
	S\$'000		% Change	S\$'000		% Change
	Q2 2008	Q2 2007		1H 2008	1H 2007	
Turnover	1,047,137	512,341	104	1,764,793	868,127	103
Cost of sales	(801,699)	(360,142)	123	(1,318,733)	(623,438)	112
Gross profit	245,438	152,199	61	446,060	244,689	82
Other gains - net						
- Miscellaneous [1]	62,416	38,226	63	68,442	54,679	25
Expenses						
- Distribution	(36,442)	(16,575)	120	(53,294)	(26,956)	98
- Administrative	(51,813)	(31,624)	64	(91,310)	(59,414)	54
- Finance (Interest)	(1,618)	(3,484)	(54)	(3,370)	(6,939)	(51)
Share of profit of associated companies [2]	194	153	27	307	286	7
Profit before income tax [3]	218,175	138,895	57	366,835	206,345	78
Income tax expense [4]	(22,221)	(17,674)	26	(43,326)	(24,306)	78
Net profit	195,954	121,221	62	323,509	182,039	78
Attributable to:						
Equity holders of the Company	128,701	80,381	60	212,585	122,335	74
Minority interests	67,253	40,840	65	110,924	59,704	86
Net profit	195,954	121,221	62	323,509	182,039	78
Earnings per share for profit attributable to the equity holders of the Company (expressed in cents per share)						

- basic	5.75	3.60	60	9.50	5.50	73
- diluted	5.72	3.57	60	9.45	5.49	72

(ii) Breakdown and Explanatory Notes to Income Statement

NM denotes not meaningful.

[1] Other net miscellaneous gains comprise the following:

	Q2 2008 S\$'000	Q2 2007 S\$'000	Change %	1H 2008 S\$'000	1H 2007 S\$'000	Change %
Sale of scrap materials	38,351	17,017	125	56,566	27,000	110
Gain on dilution of interest in a subsidiary	-	-	-	-	1,610	NM
Gain on disposal of financial assets, available for sale	-	-	-	-	6	NM
Net gain/(loss) on disposal of property, plant and equipment	3,583	(310)	NM	3,425	(230)	NM
Dividend income	1,110	-	NM	1,110	-	NM
Interest income	11,922	2,949	304	16,830	5,421	210
Foreign exchange gain/(loss)	5,883	4,578	29	(12,509)	4,551	NM
Fair value (loss)/gain on forward currency contracts	(2)	9,365	NM	44	10,867	(100)
Sundry income	1,569	4,627	(66)	2,976	5,454	(45)
	<u>62,416</u>	<u>38,226</u>	63	<u>68,442</u>	<u>54,679</u>	25

[2] Share of profit of associated companies is after tax and minority interests.

[3] Profit before income tax is arrived at after (charging)/crediting:

	Q2 2008 S\$'000	Q2 2007 S\$'000	Change %	1H 2008 S\$'000	1H 2007 S\$'000	Change %
Interest on borrowings	(1,618)	(3,484)	(54)	(3,370)	(6,939)	(51)
Depreciation	(26,902)	(17,029)	58	(54,107)	(35,564)	52
(Allowance for)/Reversal of impairment of receivables	(5,417)	4	NM	(5,414)	4	NM
Property, plant and equipment written off	-	(71)	NM	(8)	(71)	(89)

[4] Adjustment for over/(under) provision of tax in respect of prior years:

	Q2 2008 S\$'000	Q2 2007 S\$'000	Change %	1H 2008 S\$'000	1H 2007 S\$'000	Change %
Income tax	101	(1)	NM	(75)	(3)	2,400
Deferred tax	72	-	NM	72	-	NM

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	S\$'000	S\$'000	S\$'000	S\$'000
	30/06/2008	31/12/2007	30/06/2008	31/12/2007
Current assets				
Cash and cash equivalents	1,308,375	1,082,794	83,960	108,604
Forward currency contracts	30,906	33,523	-	-
Trade and other receivables	1,545,895	828,075	614	733
Inventories	806,375	443,328	-	-
Construction contract work-in-progress	134,915	43,132	-	-
Trading properties	-	977	-	-
	3,826,466	2,431,829	84,574	109,337
Non-current assets				
Forward currency contracts	3,649	8,778	-	-
Trade and other receivables	-	-	62,213	65,868
Financial assets, available for sale	3,084	3,067	-	-
Club memberships	474	479	236	236
Investments in associated companies	2,114	1,794	-	-
Investments in subsidiaries	-	-	284,399	284,399
Investment properties	11,298	11,472	-	-
Property, plant and equipment	1,670,416	1,478,453	874	932
Intangible assets	9,489	9,302	-	-
Deferred tax assets	25,509	21,996	-	-
	1,726,033	1,535,341	347,722	351,435
Total assets	5,552,499	3,967,170	432,296	460,772
Current liabilities				
Forward currency contracts	3,816	-	-	-
Trade and other payables	3,815,840	2,416,393	13,415	7,021
Current income tax liabilities	35,009	24,040	693	969
Borrowings	163,837	111,528	-	-
Provision for other liabilities	7,207	5,064	-	-
	4,025,709	2,557,025	14,108	7,990
Non-current liabilities				
Forward currency contracts	30,657	42,264	-	-
Borrowings	27,434	64,910	-	-
Provision for other liabilities	60	65	60	65
Deferred income tax liabilities	151	152	-	-
	58,302	107,391	60	65
Total liabilities	4,084,011	2,664,416	14,168	8,055

Net assets	1,468,488	1,302,754	418,128	452,717
Shareholders' equity				
Share capital	270,448	266,852	270,448	266,852
Statutory and other reserves	77,240	82,806	32,553	24,554
Retained earnings	647,706	590,249	115,127	161,311
	995,394	939,907	418,128	452,717
Minority interests	473,094	362,847	-	-
Total equity	1,468,488	1,302,754	418,128	452,717

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30/06/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
46,492,000	117,345,000	19,748,000	91,780,000

Amount repayable after one year

As at 30/06/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
27,434,000	-	64,910,000	-

Details of any collateral

The collaterals for secured borrowings include the group's vessels, leasehold land and buildings and motor vehicles with net book value totalling \$140,154,000 (2007: \$160,515,000).

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	S\$'000	
	Q2 2008	Q2 2007
<u>Cash flow from operating activities</u>		
Net profit	195,954	121,221
Adjustments for:		
Income tax expense	22,221	17,674
Share of profit from associated companies	(194)	(153)
Depreciation	26,902	17,029

Employees share option expense	5,165	3,335
Fair value gain/(loss) on forward currency contracts	2	(9,365)
Net (gain)/loss on disposal of property, plant and equipment	(3,583)	310
Property, plant and equipment written off	-	71
Dividend income	(1,110)	-
Interest expense (financing)	1,618	3,484
Interest income (investing)	(11,922)	(2,949)
	235,053	150,657
Changes in working capital:		
Trading properties	977	-
Inventories and construction contract work-in-progress	(128,155)	(43,711)
Trade and other receivables	(442,230)	(168,497)
Trade and other payables	722,783	340,887
Provision for other liabilities	1,119	(864)
Exchange differences	(6,304)	1,610
Cash generated from operations	383,243	280,082
Income tax paid	(23,169)	(10,492)
Net cash from operating activities	360,074	269,590
<u>Cash flows from investing activities</u>		
Proceeds from disposal of property, plant and equipment	7,653	745
Purchase of property, plant and equipment	(134,645)	(142,414)
Dividend received	1,110	-
Interest received	2,287	2,945
Net cash used in investing activities	(123,595)	(138,724)
<u>Cash flows from financing activities</u>		
Repayment of borrowings	(726)	(38,588)
Proceeds from borrowings	6,527	200
Repayment of finance lease liabilities	(6)	(10)
Increase in cash collateral	(110)	(488)
Dividends paid to shareholders of the Company	(156,738)	(89,348)
Dividends paid to minority shareholders of subsidiaries	(18,881)	(14,445)
Minority shareholder's contribution for the equity interest in a newly incorporated subsidiary	9,092	-
Proceeds from issuance of ordinary shares	992	14,331
Interest paid	(1,196)	(3,497)
Net cash used in financing activities	(161,046)	(131,845)
Net increase/(decrease) in cash and cash equivalents	75,433	(979)
Cash and cash equivalents at the beginning of the financial period	1,212,359	456,961
Effects of currency translation on cash and cash equivalents	5,128	3,360
Cash and cash equivalents at the end of the financial period	1,292,920	459,342
Cash and cash equivalents represented by:		
Cash at bank and on hand	217,947	271,019
Short-term bank deposits	1,090,428	193,116
Less: Cash collaterals	(15,455)	(4,793)
	1,292,920	459,342

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share Capital S\$'000	Statutory and other reserves S\$'000	Retained Earnings S\$'000	Minority Interests S\$'000	Total S\$'000
The Group					
Balance at 1 April 2008	269,456	68,768	674,938	418,404	1,431,566
Currency translation differences	-	4,112	-	5,500	9,612
Net gain recognised directly in equity	-	4,112	-	5,500	9,612
Net profit	-	-	128,701	67,253	195,954
Total recognised gains	-	4,112	128,701	72,753	205,566
Employee share option scheme:					
- value of employee services	-	5,165	-	-	5,165
- proceeds from shares issued	992	-	-	-	992
Additional equity interest in a subsidiary	-	-	-	180	180
Dividend declared by subsidiaries to minority shareholders of subsidiaries	-	-	-	(18,243)	(18,243)
Dividend for 2007	-	-	(156,738)	-	(156,738)
Transfer from asset revaluation reserve to retained earnings	-	(805)	805	-	-
At 30 June 2008	270,448	77,240	647,706	473,094	1,468,488
Balance at 1 April 2007	250,210	67,775	402,390	264,754	985,129
Currency translation differences	-	10,617	-	6,694	17,311
Net gain recognised directly in equity	-	10,617	-	6,694	17,311
Net profit	-	-	80,381	40,840	121,221
Total recognised gains	-	10,617	80,381	47,534	138,532
Employee share option scheme:					
- value of employee services	-	3,335	-	-	3,335
- proceeds from shares issued	14,331	-	-	-	14,331
Dividend declared by subsidiaries to minority shareholders of subsidiaries	-	-	-	(49,231)	(49,231)
Dividend for 2006	-	-	(89,348)	-	(89,348)
Transfer from asset revaluation reserve to retained earnings	-	(804)	804	-	-
At 30 June 2007	264,541	80,923	394,227	263,057	1,002,748
The Company					
Balance at 1 April 2008	269,456	27,388	148,720	-	445,564

Net profit	-	-	123,145	-	123,145
Employee share option scheme:					
- value of employee services	-	5,165	-	-	5,165
- proceeds from shares issued	992	-	-	-	992
Dividend for 2007	-	-	(156,738)	-	(156,738)
At 30 June 2008	270,448	32,553	115,127	-	418,128
Balance at 1 April 2007	250,210	14,548	140,575	-	405,333
Net profit	-	-	125,381	-	125,381
Employee share option scheme:					
- value of employee services	-	3,335	-	-	3,335
- proceeds from shares issued	14,331	-	-	-	14,331
Dividend for 2006	-	-	(89,348)	-	(89,348)
At 30 June 2007	264,541	17,883	176,608	-	459,032

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

During Q2 2008, the issued and paid-up capital of the Company was increased from \$269,456,482 to \$270,448,482. This was due to the allotment and issue of 400,000 ordinary shares at \$2.48 each from the exercise of option granted in 2007 under the Cosco Group Employees' Share Option Scheme 2002 ("Scheme").

The outstanding share options under the Scheme as at 30 June 2008 was 40,190,000 (2007: 20,340,000).

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 30 June 2008, share capital of the Company comprised of 2,239,114,954 ordinary shares (2007: 2,237,664,954).

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The Company does not have any treasury shares.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not Applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has adopted the same accounting policies and method of computation in the financial statement for the current financial period as compared with the audited financial statements for the financial year ended 31 December 2007.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not Applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group			
	Q2 2008	Q2 2007	1H 2008	1H 2007
(i) Based on the weighted average number of ordinary shares on issue (cents per share)	5.75	3.60	9.50	5.50
Weighted average number of ordinary shares('000)	2,239,115	2,231,352	2,238,657	2,224,738
(ii) On a fully diluted basis (cents per share)	5.72	3.57	9.45	5.49
Adjusted weighted average number of ordinary shares ('000)	2,248,052	2,251,481	2,249,714	2,230,325

NOTES:

The earnings per ordinary share is calculated by dividing the consolidated profit attributable to the equity holders of the Company over the weighted average number of ordinary shares in issue during the financial period.

The fully diluted earnings per share is arrived at after taking into consideration the potential ordinary shares arising from the exercise of outstanding share options which would dilute the basic earnings per share.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	Group		Company	
	30/06/2008	31/12/2007	30/06/2008	31/12/2007
Net asset value per ordinary share (cents)	44.45	42.00	18.67	20.23

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The number of ordinary shares outstanding for the computation of net asset value per ordinary share is 2,239,114,954 (2007: 2,237,664,954).

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Overview

The Group remained on growth track as it achieved another record quarterly financial performance in Q2 2008. Net profit attributable to equity holders of the Company surged 60% to \$128.7 million, while turnover increased by 104% to \$1.05 billion, mainly due to ship repair, ship building and marine engineering businesses, which are supported by buoyant order book.

Turnover

Group turnover soared 104% to \$1.05 billion in Q2 2008, surpassing the \$1-billion mark in a quarter for the first time fueled by solid performances across all key business segments.

	Q2 2008		Q2 2007		Change
	S\$' million	%	S\$' million	%	%
Ship repair, ship building and marine engineering	978.2	93.4	462.6	90.3	+111.5
Dry bulk shipping	61.1	5.8	44.4	8.7	+37.6
Shipping agency and others	7.8	0.8	5.3	1.0	+47.2
Total	1,047.1	100.0	512.3	100.0	+104.4

Ship repair, ship building and marine engineering operations registered a robust 112% jump in turnover to \$978.2 million in Q2 2008. This was driven by progressive revenue recognition for the Group's healthy stream of high-value offshore marine engineering and ship conversion projects, as well as contribution from the ship building segment which began recognizing revenue for its first dry bulk carrier in Q3 2007. The 2 new dry docks which became operational at COSCO Zhoushan in 1H 2007 also contributed positively to turnover.

Turnover from dry bulk shipping business jumped 38% to \$61.1 million in Q2 2008 on the back of higher charter rates.

Shipping agency and others increased by 47% mainly due to the sale of a trading property.

Ship repair, ship building & marine engineering business remained the largest revenue contributor, representing 93% of Group turnover in Q2 2008. Dry bulk shipping and shipping agency and others accounted for the remaining 7%.

Compared to Q1 2008, turnover registered a sequential growth of \$329.4 million or 46% from \$717.7 million in Q1 2008. Turnover grew 103% from \$868.1 million in 1H 2007 to \$1.8 billion in 1H 2008, well-supported by buoyant performance across the board.

Profitability

Gross profit surged 61% from \$152.2 million in Q2 2007 to \$245.4 million in Q2 2008. This was lifted by higher turnover despite lower gross margin from 29.7% to 23.4% mainly due to higher raw material costs.

Other gains comprised gain from the sale of scrap materials, interest income, net gain on disposal of property, plant & equipment and foreign exchange differences. Other gains jumped 63% to \$62.4 million in Q2 2008 mainly due to higher income from sale of scrap materials and interest income from bank deposits.

Distribution and administrative costs rose in line with the expanding business volume and rising cost environment, kept in check with effective cost management. Interest expense decreased 54% due to reduction in bank borrowings in Q2 2008 compared to Q2 2007.

Minority interests increased due to higher contributions from its PRC subsidiaries involved in ship repair, ship building and marine engineering operations.

Overall, net profit attributable to equity holders of the Company rose 60% from \$80.4 million in Q2 2007 to \$128.7 million in Q2 2008 backed by strong business expansion and operational efficiencies. Compared to 1H 2007, net profit rose 74% from \$122.3 million to \$212.6 million in 1H 2008.

Balance Sheet and Cash Flow

Cash and cash equivalents increased from \$1.1 billion as at 31 December 2007 to \$1.3 billion in Q2 2008 mainly due to more advances received from customers as the Group secured more shipbuilding and offshore marine engineering contracts. Please refer to item 1(c) Cash Flow Statement for more details.

The increases in Trade and other receivables, Inventories and Construction contract work-in-progress are mainly due to the increase in volume of ship repair, ship building and marine engineering businesses.

Property, plant and equipment increased from \$1.5 billion as at 31 December 2007 to \$1.7 billion in Q2 2008 as a result of facilities expansion of the major shipyards in Cosco Shipyard Group Co., Ltd ("CSG").

Trade and other payables rose from \$2.4 billion as at 31 December 2007 to \$3.8 billion in Q2 2008 as more advances were collected from ship building and offshore marine engineering projects.

Total borrowings increased from \$176.4 million as at 31 December 2007 to \$191.3 million in Q2 2008 due to additional funding procured for business expansion.

Shareholders' equity rose from \$939.9 million 31 December 2007 to \$995.4 million in Q2 2008 mainly due to the transfer of 1H 2008 profits to retained earnings.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Group's results for Q2 2008 are in line with the commentary made in paragraph 10 of the Group's First Quarter Financial Statement Announcement released on 30 April 2008.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Against the backdrop of unrelenting inflationary pressures and weak USD - the Group's traditional currency of denomination for its contracts, the Group maintains its focus on growing the top line by building on its high-value ship repair, ship building and marine engineering order book, and boosting the bottom line margin by keeping a tight grip on costs through operational efficiencies.

The Group currently has a healthy and growing order book of US\$7.4 billion for progressive delivery up to 2011. As the Group drums up its strong capabilities in the highly technical offshore marine engineering and ship building work, it recently signed the Letter of Intent ("LOIs") with two wholly-owned subsidiaries of Sevan Marine ASA ("Sevan") who exercised the options secured earlier to build two more Sevan 650 drilling units, with the option to build six more Sevan platform as announced on 15 July 2008. Such affirmation of the Group's competency in offshore rig-building serves to open up even more doors for the Group in its inroad into this market.

Capacity expansion is on track to support expanding order book. The Group's joint venture ("JV") with the Port of Authority of Lianyungang (announced on 4 January 2008) to operate a shipyard in Lianyungang, Jiangsu had since started its ship repair and conversion operations with its three new berths of 220 metres each and a land area of 220,000 square metres. It has added one 80,000 dwt floating dock and has contributed positively to ship repair and conversion earnings since Q2 2008.

Contributions from the two new Zhoushan dry docks with total capacity of 380,000 dwt (that commenced operations in the 1H 2007) will also increase as they begin their first full-year contributions in FY2008.

On 16 January 2008, the Group announced that through Cosco (Nantong) Shipyard, it had acquired a piece of land at Qidong, Jiangsu province. When fully developed in 4 phases by 2011, it will have 8 new berths for ship repair, conversion and offshore operations.

To tackle increasing labour and steel costs, the Group will factor such rising costs in its pricing for future projects. To diversify foreign currency exposure, the Group seeks to quote future contracts in Chinese-Yuan or Euro-Dollars in addition to US Dollars. Customers would have the option of settling Yuan-denominated contracts in US Dollars at the exchange rate prevailing at the time of payment.

Barring unforeseen circumstances, the Board of Directors is confident of the Group's prospects in FY2008.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not Applicable

(d) Books closure date

Not Applicable

12. If no dividend has been declared/recommended, a statement to that effect.

No interim dividend has been declared/recommended for Q2 2008.

13. Interested Person Transactions

Pursuant to Rule 907 of the Listing Manual, the following interested person transactions were entered into during the financial year:

Name of interested person	Aggregate value of all interested person transaction during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
		S\$'000	
		Q2 2008	1H 2008
<u>Between Subsidiaries and:</u>			
Chimbusco Dalian Branch		2,678	3,379
Chimbusco Guangzhou Branch		1,538	1,538
Cosco (Cayman) Mercury Co., Ltd		342	342
Cosco (HK) Investment & Development Co., Ltd		108	108
Cosco (HK) Shipping Co., Ltd		36,992	60,498
Cosco Bulk Carrier Co., Ltd		73,766	127,569
Cosco Container Lines Co., Ltd		3,004	7,460
Cosco Finance Co., Ltd		293,356	726,624
Cosco Nantong Steel Co., Ltd		665	1,125
Cosco Network (Beijing) Ltd		350	350
Cosco Shanghai Container Shipping Agency Co., Ltd		504	779
Cosco Shanghai Ship Management Co., Ltd		14,607	14,933
Cosco Shipping Co., Ltd		187	592
Guangzhou Ocean Shipping Company		29,462	55,688
Han Yuan Technical Service Centre		-	429
Nantong Chimbusco Marine Bunker		-	1,460
Nantong Cosco Khi Ship Engineering Co., Ltd		-	301
Nantong Cosco Ship Equipment Company		1,905	3,667
Qingdao Manning Co-operation Ltd		582	1,169
Qingdao Ocean Shipping Company		19,768	45,906
Shanghai Ocean Crew Co., Ltd		1,218	2,399
Shanghai Ocean Shipping Company		2,483	5,063

Shanghai Puyuan Shipping Co., Ltd		211	999
Shenzhen Ocean Shipping Company		1,632	1,632
Tosco Keymax International Ship Management Co., Ltd		6,407	6,407
Xiamen Ocean Shipping Company		-	355
	Nil	491,765	1,070,772

BY ORDER OF THE BOARD

Mr Ji Hai Sheng
Vice Chairman and President
4/8/2008

CONFIRMATION BY THE BOARD

We hereby confirm on behalf of the directors of the company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the company which may render the second quarter 2008 financial results to be false or misleading.

On behalf of the directors

Mr Ji Hai Sheng
Vice Chairman and President

Mr Min Jian Guo
Director and Vice President

4/8/2008