

Another first in China

I.M. Skaugen ASA, Oslo (IMS) - TNGC has received Document of Compliance of Chinese National Safety Management (NSM) from the Ministry of Communication in China (MOC), being the first Chinese domestic Gas Shipping Company receiving such certificate.

TNGC was formally established by agreement in July 1996 in Wuhan in the Hubei Province in China and is called "The Hubei Tian En Petroleum Transportation Co., Ltd.". TNGC had its first year of operation in 2000 and is a Sino - foreign joint venture between Hubei Tianfa Co., Ltd. in the Hubei Province and I. M. Skaugen ASA, Oslo.

Hubei Tianfa Co., Ltd. is a public company listed on the Shenzhen Stock Exchange in 1989 with business in amongst others Gasoline and LPG distribution, hi-tech agriculture and papermaking industry.

In order to improve Chinese shipping, the MOC has implemented the "National Safety Management" - a system that can be compared to the "ISM code" for all international shipping. The NSM will be applied for all domestic Chinese shipping companies. All the domestic shipping companies must establish this NSM within 2 years, and those without NSM will not be allowed to continue operations.

TNGC was established by IMS and Tianfa to pioneer the transportation of gases on the Yangtze River. Water transportation is viewed as a more safe, economical and environmental friendly solution than land transportation. LPG again substitutes for the use of i.e. wood and coal as source for energy for domestic use as well as for cars, trucks and buses.

IMS consider the TNGC operations on the Yangtze river as the final leg of a possible future integrated seaborne logistic chain to be offered to inland customers in China. In the region that TNGC serves about 350 million people resides and we have since inception gained a position of market leader in the Yangtze region. TNGC presently operates 8 vessels, barges and tugs. The company is the largest service provider for LPG transportation on the Yangtze River, and enjoys a market share of about 50 percent.

About 50% of the Propane and Butane (LPG) products are however still moved by rail or truck so the more safe and efficient river operations should gradually acquire part of this business. We did enjoy high growth in volumes during 2001 with about 100% increase over 2000; and the growth is continuing. In 2002 TNGC carried its first petrochemical gas cargo and TNGC also had its first months of profitable operations in 2002; which is its third year of operations.

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