Listing by Introduction

Courage Marine

勇利航業集團有限公司

Courage Marine Group Limited

(incorporated in Bermuda with limited liability)

Stock Code: 1145

Sole Sponsor

海通國際 HAITONG

IMPORTANT

If you are in any doubt *about the contents of this document, you should obtain independent professional advice.*

Courage Marine

Courage Marine Group Limited
(勇利航業集團有限公司)

(incorporated in Bermuda with limited liability)

LISTING BY WAY OF INTRODUCTION ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Stock Code : 1145

Sole Sponsor

海通國際 HAITONG

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This document is published in connection with the listing by way of introduction on the Main Board of the Stock Exchange of the entire issued share capital of Courage Marine Group Limited (the "Company") presently listed on the Singapore Exchange Securities Trading Limited. This document contains particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange and the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) for the purpose of giving information with regard to the Company and its subsidiaries.

This document does not constitute an offer of, nor is it calculated to invite offers for, the shares or other securities of the Company, nor have any such shares or other securities been allotted with a view to any of them being offered for sale to or subscription by members of the public. No shares in the share capital of the Company (the "Shares") will be allotted and issued in connection with, or pursuant to, the publication of this document.

Information regarding the proposed arrangement for the listing and registration of and for dealings and settlement of dealings in the Shares following the listing of the Shares on the Stock Exchange is set out in the section headed "Listings, registration, dealings and settlement' of this document.

21 June 2011

Daily announcement released on the Stock Exchange and the SGX-ST, disclosing previous day closing price of the Shares on the SGX-ST, and development and updates, if any, with regard to the bridging arrangements described in the section headed "Listing, registration, dealings and settlement" in this document	21 June, 22 June, 23 June 2011 and not later than 8:30 a.m. on 24 June 2011
Dealings in Shares on the Main Board of the Stock Exchange is expected to commence on	Friday, 24 June 2011 *(Note)*

Note: Refers to Hong Kong local time and date, except as otherwise stated. Details of the Introduction are set out in the section headed "Information about this document and the Introduction" of this document. We will issue an announcement in Hong Kong to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) if there is any change in the above expected timetable of the Introduction.

CONTENTS

You should rely only on the information contained in this document to make your investment decision. We have not authorised anyone to provide you with information which is different from that contained in this document. Any information or representation not made in this document must not be relied upon by you as having been authorised by our Company, the Sole Sponsor, any of their respective directors or any other person or party involved in the Introduction.

CONTENTS

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all of the information which may be important to you. You should read the whole document before you decide to invest in our Shares.

There are risks associated with any investment. Some of the particular risks in investing in our Shares are summarised in the section headed "Risk factors" in this document. You should read that section carefully before you decide to invest in our Shares. Various expressions used in this summary are defined in the section headed "Definitions" in this document.

Prospective investors and/or Shareholders should refer to Appendix V – "Summary of Salient Provisions of the Laws of Singapore" for details of the salient provisions of the laws of Singapore applicable to our Shareholders trading in the Hong Kong stock market. Singapore laws and regulations differ in some respects from comparable Hong Kong laws and regulations and prospective investors and/or Shareholders should consult their own legal advisers for specific legal advice concerning their legal obligations in Singapore.

OVERVIEW

We provide vessel chartering services to our charterers. We own and operate nine dry bulk vessels, including one Capesize vessel, four Panamax vessels, two Handymax vessels and two Handysize vessels with a total carrying capacity of approximately 577,000 dwt. During the Track Record Period, we mainly deployed our existing and disposed vessels in the waters around the Greater China region as well as Indonesia, Singapore, Korea, Vietnam, Cambodia, the Philippines and Russia. We generally transport dry bulk commodities including coal, sea sand and bauxite as well as iron ore and minerals during the Track Record Period.

During the Track Record Period, other than the 2007 CoA we entered into with a Singapore construction company, all other charter contracts we secured were spot charter contracts, and approximately 81.8%, 46.5% and 75.5% of our revenue was generated from spot charter contracts.

Spot charter contracts

Spot charter contracts are one-off contracts where their freight rates are agreed based on instant (i.e. current) market rate. Under spot charter contracts, we calculate freight rates based on voyage charter or time charter. See "Business – chartering process – spot charter contracts" for details.

CoAs

CoAs are longer-term charter contracts which cover a series of voyages (instead of a single voyage), where their freight rates are pre-determined and prevail throughout the agreed period under the contracts. See "Business – chartering process – CoAs" for details.

As at the Latest Practicable Date, the 2007 CoA was fully performed, and we had three CoAs in progress. See "Risk factors – The revenue from the China Coal CoA, the 2011 First CoA and the 2011 Second CoA may not be evenly distributed during the contract periods" for details of the risks in relation to the CoAs.

OUR FINANCIAL PERFORMANCE

Track Record Period

The following table is a summary of our consolidated results for each of the three years ended 31 December 2010. Our consolidated financial information has been prepared in accordance with IFRS. The summary should be read in conjunction with the accountants' report set out in Appendix I to this document.

	Year ended 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Revenue	75,660	27,939	46,521
Cost of services	(35,513)	(29,011)	(35,192)
Gross profit (loss)	40,147	(1,072)	11,329
Other income	1,833	2,395	399
Other gains and losses	3,215	1,863	973
Administrative expenses	(3,961)	(2,599)	(3,487)
Share of result of an associate	(542)	(223)	–
Finance costs	(198)	(257)	(119)
Profit before income tax	40,494	107	9,095
Income tax expense	(11)	(32)	(71)
Profit for the year	40,483	75	9,024
Other comprehensive income			
Exchange difference arising on translation of our Group's foreign operation	4	(49)	–
Surplus on revaluation of leasehold land and building	–	–	152
	4	(49)	152
Total comprehensive income for the year attributable to owners of our Company	40,487	26	9,176

Revenue and profit

We generate revenue mainly from providing vessel chartering services. For each of the three years ended 31 December 2010, our revenue was approximately US$75.7 million, US$27.9 million and US$46.5 million respectively; and our net profit was approximately US$40.5 million, US$75,000 and US$9 million respectively.

Reasons for the decrease in revenue in 2009

Due to the global contraction of trade finance resulted from the financial crisis in late 2008, the demand for spot charter contracts and market freight rates were adversely affected. Since our vessel chartering services heavily rely on spot charter contracts which are more prone to market fluctuation, the decrease in the demand for spot charter contracts and the decrease in freight rates had a greater impact on our revenue in 2009 than our competitors, which might have different extent of reliance on spot charter contracts. If our competitors have more CoAs, as the duration term and the freight rates of such long-term contracts are pre-determined, their performance would be less affected by poor economic condition.

In addition, the decrease in coal exports from China in 2009 resulted in a decrease in the number of spot charter contracts we secured in 2009. Notwithstanding the increase in coal imports to China in 2009, we were unable to secure more spot charter contracts in respect of coal imports to China because of (i) keen competition; and (ii) low demand from our existing customers.

Due to the abrupt change in market condition during 2009, we had less spot charter contracts, and therefore the overall utilization rate of our vessels in such year decreased from approximately 76.5% to approximately 71.2%. Together with the effect of the decrease in our freight rates, our revenue experienced a significant decrease in 2009.

Economy recovery in 2010

Following the recovery of the global economy and trade activities, given that we rely on spot charter contracts which allows flexibility in capturing the upside in the shipping market, we were able to secure more spot charter contracts in 2010 and our profitability in such year was steadily improved.

2011 First Quarter

The following table is a summary of our financial results for the three months ended 31 March 2010 and 2011. The summary should be read in conjunction with the unaudited interim financial information set out in Appendix II to this document.

	Three months ended 31 March	
	2010	**2011**
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Revenue	12,853	5,815
Cost of services	(9,275)	(8,089)
Gross profit (loss)	3,578	(2,274)
Other income	27	71
Other gains and losses	40	285
Administrative expenses	(578)	(664)
Other expenses	–	(1,087)
Finance costs	(35)	(17)
Profit (loss) before income tax	3,032	(3,686)
Income tax expense	(7)	(7)
Profit (loss) for the period	3,025	(3,693)
Other comprehensive income		
Surplus on revaluation of leasehold land and building	–	517
Total comprehensive income (expense) for the period attributable to owners of the Company	3,025	(3,176)
Earnings (loss) per share		
Basic	0.29 US cent	(0.35) US cent

Material adverse changes

As shown above, we record a net loss for the three months ended 31 March 2011. Our Directors confirm that there has been or may be a material adverse change in our financial or trading position since 31 December 2010 (being the date on which our latest combined financial statements were prepared and set out in the accountants' report in Appendix I to this document) as our revenue decreased by approximately 55.0% from US$12.9 million in the three months ended 31 March 2010 to US$5.8 million in the three months ended 31 March 2011.

Revenue

The decrease in revenue during the three months ended 31 March 2011 was mainly due to the political instability in the Middle East leading to concerns about global oil supply and substantial increase in bunker price, being one of the major variable costs, which discouraged us from taking orders negotiated with lower freight rates. The over-supply of vessels within the Asian region caused by cutting of cargo shipment to and from Japan as a result of the Japanese earthquake, tsunami and nuclear pollution breakout has led to the decrease in the demand for our services in March 2011.

The above led to a decrease in the overall utilization rate of our vessels from approximately 94.5% to approximately 44.1% for the first quarter of 2011. In line with the approximate 55% decrease in the Baltic Dry Index from the average of approximately 3,027 points for the first quarter of 2010 to the average of approximately 1,365 points for the first quarter of 2011, our revenue decreased by approximately 55% in the first quarter of 2011 compared to the same period in 2010 because of decrease in freight rates.

	For the three months ended 31 March	
	2010	**2011**
Coal	47.5%	39.0%
Sea sand	29.2%	44.9%
Bauxite	7.2%	15.4%
Iron Ore	16.1%	–
Others	–	0.7%
Total	100%	100%

Our revenue derived from transportation of sea sand increased during the first quarter of 2011 compared to the first quarter of 2010, as we transported more sea sand under the 2007 CoA during such period. We did not derive any revenue from transportation of iron ore during the first quarter of 2011, as the Directors confirm that our customers' demand for iron ore was relatively low during such period and therefore we did not secure charter contracts for transportation of iron ore during such period.

Cost of services

Our cost of services for the first quarter of 2011 had a relatively less decrease mainly due to certain fixed cost items, including crew agency fees and maintenance fees coupled with the increase in per tonne market bunker price, despite the decrease in our vessels' utilization rate during such period. In addition, we incurred approximately US$1.1 million in respect of our other expenses (attributable to the professional fees and other expenses relating to our Hong Kong listing exercises), which is non-recurring in nature, during the period.

Net loss

As a result, we record a net loss of approximately US$3.7 million during the three months ended 31 March 2011.

Directors' view

Our Directors are of the view that the above circumstantial factors, which were the main causes of the decline in our financial performance, affect not only us, but the majority of the dry bulk vessel service providers focusing on the Asian region. There is no assurance that such net loss will not recur or we will be able to generate or (where appropriate) sustain revenue growth and profitability in the future.

Maintenance work

During the period where the utilization rate of our vessels is low, we would arrange and schedule certain maintenance work to be performed during such period to reduce the idle time of our vessels and reduce the time to be spent on maintenance in the future. The Directors consider that the reschedule of such maintenance work would not affect our financial position as such maintenance work is mandatory and has to be done within a certain period of time, even if we do not perform such work during the period where the utilization rate of our vessels is low.

Agency fees for vessel crews

As some of the wages of our crew members increased during the three months ended 31 March 2011 compared to the same period of 2010, the agency fees for vessel crew incurred increased, despite the decrease in our vessel's utilization rate during such period. Such agency fees for vessel crew are determined with reference to the number of crews paid instead of the number of voyages they worked on.

Recent natural disasters in Japan

During the Track Record Period, since we seldom and rarely deployed our vessels in waters near Japan, our Directors consider that the recent natural disasters in Japan do not directly affect our operations. However, we suffer from indirect financial loss due to the worsening economic atmosphere brought by such disasters. Other than potential delay in discharging cargoes, our Directors are not aware of any potential claims as a result of the natural disasters. In the event that we encounter claims arising from the natural disasters, the relevant damages would be covered by our insurance policy. See "Risk factors – The recent natural disasters in Japan may affect our operations and financial performance" for the risk in this regard.

Our strategies

We intend to secure more CoAs to mitigate the fluctuation of our financial performance. Since the duration term and freight rates of such long-term contracts are pre-determined, we could still generate a stable income even if we are not able to secure spot charter contracts under poor economic condition. Our Directors consider that the 2011 First CoA, the 2011 Second CoA and the China Coal CoA enable us to have a more stable income in the second half of 2011, which would also improve the overall utilization rate of our vessels.

WORKING CAPITAL

The Directors are of the opinion that after taking into account (i) our existing cash flow; (ii) the cash flow to be generated from the operating activities partly contributed by the 2011 First CoA, the 2011 Second CoA and the China Coal CoA we secured in May 2011; and (iii) the standby banking facilities to be guaranteed by a pledge, the working capital available to our Group is sufficient for our requirements for at least 12 months from the date of this document.

COMPETITIVE STRENGTHS

We have the following key competitive strengths: (i) our fleet comprises vessels with different sizes and tonnage capacities; (ii) we have healthy cash flows and our administrative and finance costs are low; (iii) we have established long-term relationships with our customers and cargo brokers; and (iv) we have an extensive market presence in the Greater China region and certain territories in Asia.

For details of our competitive strengths, see "Business – Competitive strengths".

BUSINESS STRATEGIES

Having regard to our track record, our Directors believe that we are well-positioned to further develop our business and capture new business opportunities within the dry bulk shipping industry. To achieve this, we plan to continue capitalizing on opportunities to leverage our competitive strengths and implement our business strategies: (i) expand our fleet; (ii) improve our equipment and facilities to enhance competitiveness; (iii) capitalizing on our relationships with existing customers and expanding further in coal shipment; and (iv) continue in establishing a quality customer base.

See "Business – Business strategies" for further details.

FLEET COMPOSITION & UTILIZATION RATES

As at the Latest Practicable Date, our fleet had nine dry bulk vessels, comprising one Capesize vessel, four Panamax vessels, two Handymax vessels and two Handysize vessels with a total carrying capacity of approximately 577,000 dwt. During the Track Record Period, we conducted several sales and purchases of vessels which changed the composition of our fleet. The following table sets forth the particulars of our vessels during the Track Record Period:–

Vessel name	Type	Year of purchase	Year of disposal	Year built	Age	Flag state	Classification society *(Note 1)*	Purchase cost *(US$ million)*	Remaining estimated useful life (year(s)) *(Note 3)*	Estimated residual value *(US$ million)*	Approximate carrying capacity (dwt)
Existing vessels											
Cape Warrior	Capesize	2010	N/A	1986	25	Panama	Isthmus Bureau of Shipping	9.7	5	8.2	146,000
Panamax Leader	Panamax	2010	N/A	1989	21	Panama	China Corporation Register of Shipping	12.9	9	4.7	67,000
Sea Pioneer	Panamax	2008	N/A	1984	27	Panama	International Register of Shipping	3.8	3	4.8	67,000
Valour	Panamax	2005	N/A	1985	25	Panama	China Corporation Register of Shipping	11.9	5	4.9	67,000
Courage	Panamax	2003	N/A	1984	27	Panama	China Corporation Register of Shipping	4.4	3	4.9	67,000
Zorina	Handymax	2008	N/A	1982	29	Panama	Bureau Veritas	16.0	1	4.6	48,000
Heroic	Handymax	2006	N/A	1982	29	Panama	China Corporation Register of Shipping	6.2	1	3.5	42,000
Bravery	Handysize	2005	N/A	1983	28	Panama	China Corporation Register of Shipping	7.9	2	3.3	36,000
Raffles	Handysize	2004	N/A	1984	27	Panama	China Corporation Register of Shipping	10.7	3	2.9	38,000
Disposed vessels											
Cape Ore	Capesize	2010	2010	1981	N/A	Panama	N/A *(Note 2)*	7.9	N/A *(Note 2)*	N/A *(Note 2)*	128,000
Panamax Mars	Panamax	2004	2009	1980	N/A	Panama	N/A *(Note 2)*	8.7	N/A *(Note 2)*	N/A *(Note 2)*	62,000
Ally II	Handysize	2002	2008	1977	N/A	Panama	N/A *(Note 2)*	1.2	N/A *(Note 2)*	N/A *(Note 2)*	35,000
Jeannie III	Handysize	2001	2010	1977	N/A	Panama	N/A *(Note 2)*	1.1	N/A *(Note 2)*	N/A *(Note 2)*	35,000

Notes:

1. All our vessels are, for purpose of safety classification society, inspected and classified by the Isthmus Bureau of Shipping, Bureau Veritas, International Register of Shipping and China Corporation Register of Shipping, as the case may be.

2. Since we no longer own such vessels, we do not have information on its current classification society, remaining estimated useful life and estimated residual value.

3. Estimated useful life means 30 years from the date of initial delivery from the shipyard. We determine the estimated useful lives of vessels mainly for calculating their depreciation amount. The Directors consider that the actual useful lives of our vessels could be more than 30 years because: (i) it is not mandatory to scrap a vessel if it is more than 30 years old, and the decision to scrap a vessel is a economic decision; and (ii) we owned and operated vessels that were older than 30 years during the Track Record Period. As at the year-end dates of the last five financial years, we maintained at least 8 vessels. As of the Latest Practicable Date, we had no existing plan to downsize our fleet capacity.

During the Track Record Period, our fleet taken as a whole maintained a utilization rate ranging from approximately 71.2% to approximately 85.1%. The following table sets forth the utilization rate of each type of our vessels during the Track Record Period:–

	Utilization rate *(Note)* **Year ended 31 December**		
Vessel type	**2008**	**2009**	**2010**
Capesize	–	–	61.9%
Panamax	62.3%	57.8%	81.3%
Handymax	90.4%	78.2%	98.5%
Handysize	83.7%	79.9%	86.9%
Overall	**76.5%**	**71.2%**	**85.1%**

Note: The utilization rate for each vessel type is calculated based on the aggregated number of days during which the underlying vessel(s) was/were owned and operated by us, less such estimated aggregated number of off-hire days due to dry-docking or other repair and maintenance and the off-hire period in between two charter periods, divided by the total number of days of the underlying vessel(s) owned and operated by us for the year (on the basis of 365 days per year).

For further details regarding the breakdown of the utilization rates of our vessels for each of the years during the Track Record Period, see "Business – Fleet composition and utilization rates".

DIVIDEND POLICY

Subject to the Bermuda Companies Act, our Company may declare dividends at general meetings in any currency but no dividend shall be declared in excess of the amount recommended by the Board. Subject to the Bermuda Companies Act, our Directors may also from time to time declare a dividend or other distribution.

The payment and the amount of dividends paid by our Company in the future will depend on, among other factors, our results, cash flows and financial condition and position, operating and capital requirements, the amount of distributable profits based on IFRS, compliance with the memorandum of association and the Bye-laws of our Company, the Bermuda Companies Act, applicable laws and regulations, other legal and contractual limitations relating to distribution and payment of dividends that we may from time to time be subject to and other factors that the Directors consider to be relevant to our Group. The declaration, payment and the amount of dividends will be subject to the Board's discretion.

We distributed dividends of approximately US$20 million, US$5 million and US$7.5 million respectively, in respect of each of the three years ended 31 December 2010.

LISTING BY WAY OF INTRODUCTION

Our Shares have been listed and traded on the SGX-ST since 2005. As at the Latest Practicable Date, the trading price of our Shares on the SGX-ST was S$0.15. Our Directors consider that it is desirable and beneficial for our Company to have dual primary listing status in both Singapore and Hong Kong so that we can have ready access to these different equity markets in Asia Pacific region when the opportunity arises. We believe the two markets attract investors with different profiles and thereby widen the investor base of our Company and increase the liquidity of the Shares. In particular, it enables us to benefit from our exposure to a wider range of private and institutional investors. Our Directors believe that a listing in Hong Kong is in line with our focus on our business in Greater China, which is important for our growth and long-term development.

Removal of Shares

Currently, all our Shares are registered on the principal register of members in Bermuda. For purposes of trading on the Stock Exchange, our Shares must be registered on the Hong Kong share register. Shares may be transferred between the principal register of members in Bermuda and the Hong Kong share register. If an investor whose Shares are traded on the SGX-ST and wishes to trade his Shares on the Stock Exchange, he must effect such transfer. See "Listings, registration, dealings and settlement" in this document for the procedures in relation to such removal of Shares.

BRIDGING ARRANGEMENTS

In connection with the Listing, the Bridging Dealer has been appointed as bridging dealer and intends to implement the bridging arrangements described in the section headed "Listings, registration, dealings and settlement – bridging arrangements" of this document. The bridging arrangements are intended to facilitate the migration of Shares to the Hong Kong share register in order for an open market in Shares to develop in Hong Kong following the Listing.

In connection with the bridging arrangements, the Bridging Dealer entered into: (i) a Sale and Repurchase Agreement with China Lion (as vendor) under which the Bridging Dealer purchased from China Lion a total of approximately 1% of our Shares in issue, and China Lion shall repurchase the equivalent number of Shares she sold at the same price as such Shares were sold, shortly after the expiry of the Bridging Period (being the 30-day period from and including the Listing Date); and (ii) a Stock Borrowing and Lending Agreement with China Lion under which China Lion will make available to the Bridging Dealer Share lending facilities up to approximately 12.4% of Shares to the Bridging Dealer, on one or more occasions, subject to the applicable laws, rules and regulations in Singapore and Hong Kong, including without limitation that the lending and the subsequent acceptance of redelivery of any Shares by China Lion, and the borrowing and the subsequent redelivery of any Shares by the Bridging Dealer, will not lead to either party being obliged to make a mandatory general offer under the Takeovers Code and/or the Singapore Takeovers Code. Such Shares will be used for settlement in connection with the arbitrage trades carried out by the Bridging Dealer in Hong Kong. The bridging arrangements are expected to contribute to the liquidity of trading in our Shares on the Hong Kong market upon the Introduction as well as to reduce potential material divergence between

Share prices on the Hong Kong and the Singapore markets. Prospective investors should refer to the section headed "listings, registration, dealings and settlement – Bridging Arrangements" of this document for further details.

RISK FACTORS

Our Directors believe that there are certain risks involved in our business and operations and in connection with the Introduction. Such risks can be categorised into (i) risks relating to our business; (ii) risks relating to the industry; (iii) risks relating to ownership of our Shares; (iv) risks relating to our dual primary listing; and (v) risks relating to statement made in this document. The following highlights some of the more important risk factors in relation to our business:

- Our profitability may not be sustainable in the future
- We rely on a few major customers during the Track Record Period and our trade receivables are mainly due from these customers
- We rely on spot charter contracts
- We currently own nine vessels only
- The revenue from the China Coal CoA, the 2011 First CoA and the 2011 Second CoA may not be evenly distributed during the contract period
- We may incur substantial maintenance and repair costs or replacement costs of vessels
- The recent natural disasters in Japan may affect our operations and financial performance

Please refer to the section headed "Risk factors" for details regarding the above risks and other risks.

In this document, unless the context otherwise requires, the following expressions shall have the following meanings. Certain other terms are explained in the section headed "Glossary" in this document.

DEFINITIONS

"2005 CB Agreement"	the agreement dated 20 April 2005, as amended pursuant to a letter dated 15 August 2005, between our Company and Diamond Unit
"2005 Reorganisation"	the corporate reorganisation of our Group in preparation for the listing of our Shares on the SGX-ST in 2005
"2005 Singapore Invitation"	the invitation by our Company, First US Capital and Diamond Unit to the public in Singapore to subscribe for and/or purchase our Shares in 2005
"2007 CoA"	the CoA entered into between a Singapore construction company and us in 2007
"2011 Disposal"	the disposal of Pointlink, Ally Marine and Jeannie Marine in February 2011 for the purpose of streamlining our corporate structure, as described under the paragraph headed "History and development – The 2011 Disposal" of this document
"2011 First CoA"	the CoA entered into between the Singapore construction company (which is the same charterer under the 2007 CoA) and us in May 2011
"2011 Second CoA"	the CoA entered into between a Singapore construction company (which is not the charterer of the 2007 CoA) and us in May 2011
"AIC"	Airline Investment Corp., a company incorporated in Panama on 9 November 2006 with limited liability and is wholly-owned by Courage Amego
"AIC Completion Date"	in respect of the AIC-SP Agreement, in the case of (a) in kind completion, the fifth (5th) Business Day immediately after all the conditions under the AIC-SP Agreement have been fulfilled and (b) cash completion, a date falling the expiry of six (6) months from 14 October 2010 (being the date of the AIC-SP Agreement)

"AIC Confirmation"	confirmation dated 24 February 2011 and made by Courage Amego and Mr. Chang to supplement the AIC-SP Agreement
"AIC-SP Agreement"	sale and purchase agreement dated 14 October 2010 and entered into between Courage Amego as vendor and Mr. Chang as purchaser in relation to the disposal of the entire issued share capital of AIC in consideration of approximately US$3.8 million as supplemented by AIC Confirmation
"Ally Marine"	Ally Marine Co. Ltd., a company incorporated in BVI on 31 January 2001 with limited liability and a former subsidiary of our Company, which was disposed of as part of the 2011 Disposal
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee formed by the Board with responsibility to safeguard internal audit control
"Bermuda Companies Act"	the Companies Act 1981 of Bermuda, as amended from time to time
"Besco"	Besco Holdings Limited, a company incorporated in BVI and being a substantial Shareholder, and is wholly-owned by HSBC Trustee in its capacity as trustee of The Lowndes Foundation
"Board"	the board of Directors
"Bravery Marine"	Bravery Marine Holdings Inc., a company incorporated in Panama on 24 October 2005 with limited liability and an indirect wholly-owned subsidiary of our Company
"Bridging Dealer"	BOCI Securities Limited (and/or its affiliates authorised to carry out arbitrage activities)
"Bridging Period"	the 30-day period from and including the Listing Date
"Business Day"	a day (other than a Saturday, Sunday or a day on which a tropical cyclone warning signal no. 8 or above or a "black" rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which banks in Hong Kong are generally open for business
"BVI"	the British Virgin Islands
"Bye-laws"	the bye-laws of our Company, as amended supplemented or modified from time to time

"CAGR"	compound annual growth rate
"Cape Ore"	Cape Ore Marine Corp., a company incorporated in Panama on 27 January 2010 with limited liability and is an indirect wholly-owned subsidiary of our Company
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant(s)"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant(s)"	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
"CCASS Rules"	General Rules of CCASS and CCASS Operational Procedures
"CDP"	The Central Depository (Pte) Limited or its nominee(s), as the case may be
"China Coal"	China Coal Hong Kong Ltd.
"China Coal CoA"	the CoA entered into between China Coal and us in May 2011
"China Harvest"	China Harvest Enterprises Limited, a company incorporated in BVI with limited liability and a Controlling Shareholder of our Company, which is wholly-owned by Chen Shin-Yung
"China Lion"	China Lion International Limited, a company incorporated in BVI with limited liability and a Controlling Shareholder of our Company, which is owned as to 60% by Wu Chao-Huan and 40% by Wang Ho, the spouse of Wu Chao-Huan
"Co-Investors"	Hsu Chih-Chien, Wu Chao-Huan, Chiu Chi-Shun, Chen Shin-Yung, Wu Chao-Ping, Lin Tsai-Seng, Ho Tsuy-Hong, Chen Ting-Jung and Sun Hsien-Long who founded our Group in June 2001

"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
"Company" or "we" or "our Company"	Courage Marine Group Limited (勇利航業集團有限公司), a company incorporated under the laws of Bermuda on 5 April 2005
"Connected Person"	has the meaning ascribed to it in the Listing Rules
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and in the case of our Company means, Sea-Sea Marine, China Lion, China Harvest, Pronto, Unit Century, Hsu Chih-Chien, Wu Chao-Huan, Chen Shin-Yung, Chiu Chi-Shun, Wu Chao-Ping and Pilot Assets
"Courage Amego"	Courage-New Amego Shipping Corp., a company incorporated in Panama on 6 September 2004 with limited liability and is an indirect wholly-owned subsidiary of our Company
"Courage Amego Agency"	勇利新友船務代理有限公司, a company incorporated in Taiwan on 9 September 2005 with limited liability and is an indirect wholly-owned subsidiary of our Company
"Courage Marine"	Courage Marine Co. Ltd, a company incorporated in BVI on 19 February 2003 with limited liability and is an indirect wholly-owned subsidiary of our Company
"Courage Marine BVI"	Courage Marine Holdings (BVI) Limited, a company incorporated in BVI on 21 February 2005 with limited liability and is a wholly-owned subsidiary of our Company
"Courage Marine HK"	Courage Marine (HK) Company Limited, a company incorporated in Hong Kong on 7 May 2004 with limited liability and is an indirect wholly-owned subsidiary of our Company
"Courage Marine Holdings"	Courage Marine (Holdings) Co., Limited, a company incorporated in Hong Kong on 1 June 2001 with limited liability and is an indirect wholly-owned subsidiary of our Company
"Courage Marine Property"	Courage Marine Property Investment Limited, a company incorporated in Hong Kong on 1 June 2010 with limited liability and is an indirect wholly-owned subsidiary of our Company
"Courage Marine Shanghai Office" or "our Shanghai Office"	香港勇利航業(控股)有限公司上海代表處, a representative office of Courage Marine Holdings in Shanghai

"Courage Maritime"	Courage Maritime Technical Service Corp., a company incorporated in Panama on 6 September 2004 with limited liability and is an indirect wholly-owned subsidiary of our Company
"Deed of Indemnity"	deed of indemnity dated 13 June 2011 between the Controlling Shareholders (save for Sea-Sea Marine) and our Company, details of which have been set out in paragraph headed "Deed of Indemnity" in Appendix VI to this document
"Diamond Unit"	Diamond Unit Investments Limited, a company incorporated in BVI and a subscriber under the 2005 CB Agreement, which owned about 0.133% of our Company's issued share capital as at the Latest Practicable Date. Diamond Unit is our connected person as the entire issued share capital of Diamond Unit is held by Sun Hsien-Long as trustee for the benefit, as to 83.34% of Sun Hsien-Long (a Director) and 8.33% of each of Wong Wai Hung and Wan Wai Tak
"Director(s)"	director(s) of our Company
"First US Capital"	First U.S. Capital Group Limited, a company incorporated in BVI with limited liability and is wholly-owned by Wu Wai Chung. First U.S. Capital is an Independent Third Party
"Forbes Asia"	a magazine which is the Asian edition of Forbes, a US publishing and media company whose flagship publication, the Forbes magazine, is published biweekly
"gearing ratio"	a ratio equals to total liability divided by total equity
"Group" or "our Group" or "we" or "us"	the Company and its subsidiaries or, where the context otherwise requires, in respect of the period before the Company became the holding company of its present or past subsidiaries, the present or past subsidiaries of the Company, some or any of them and the businesses carried on by such subsidiaries
"Haitong International Capital" or "Sole Sponsor"	Haitong International Capital Limited, a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity for the purpose of SFO, being the sole sponsor to the Introduction
"Harmony"	Harmony Century Group Limited, a company incorporated in BVI on 7 October 2010 and is an indirect non-wholly owned subsidiary of our Company, which is owned as to 41.7% by Courage Amego and 58.3% by Mr. Chang

"Heroic Marine"	Heroic Marine Corp., a company incorporated in Panama on 6 March 2006 with limited liability and is an indirect wholly-owned subsidiary of our Company
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HSBC Trustee"	HSBC International Trustee Limited, a trustee of The Lowndes Foundation and being a substantial Shareholder
"IFRS"	the International Financial Reporting Standards, which include standards and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards (IAS) and interpretation issued by the International Accounting Standards Committee (IASC)
"Independent Third Party(ies)"	a person(s) or company(ies) which is/are independent of and not connected with any member of our Group, the Directors, the chief executives and the substantial shareholders of our Company and its subsidiaries and their respective associates
"Introduction"	the listing of the entire issued share capital of our Company on the Main Board of the Stock Exchange by way of an introduction pursuant to the Listing Rules
"Jeannie Marine"	Jeannie Marine Co. Ltd., a company incorporated in BVI on 7 January 2000 with limited liability and a former subsidiary of our Company, which was disposed of under the 2011 Disposal
"JV WOFE"	a wholly foreign-owned enterprise to be established in the PRC pursuant to the AIC-SP Agreement as the registered owner of the PRC Property, which (subject to the obligations of the parties to the AIC-SP Agreement being performed) will be a wholly-owned subsidiary of Harmony
"Latest Practicable Date"	16 June 2011, being the latest practicable date prior to the printing of this document for ascertaining certain information in this document
"Listing"	the listing of our Shares on the Main Board of the Stock Exchange

"Listing Committee"	the listing sub-committee of the board of directors of the Stock Exchange
"Listing Date"	the date on which trading of our Shares on the Main Board first commences, which is currently expected to be 24 June 2011
"Listing Manual"	listing rules of the SGX-ST which set out the requirements applicable to issuers relating to, *inter alia*; the continuing obligations of issuers
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Long Stop Date"	has the meaning ascribed to it in the paragraph headed "Sunrise investment" under the section headed "History and development"
"Main Board"	the stock market operated by the Stock Exchange, which excludes Growth Enterprises Market of the Stock Exchange and the options market
"Marine Money International"	an organisation which offers publications, forums, consulting and other services in respect of the shipping industry
"Member(s)"	registered holders(s) of Share(s)
"Memorandum of Association"	the memorandum of association of our Company, as amended from time to time
"Midas Shipping"	Midas Shipping Navigation Corp., a company incorporated in Panama on 28 September 1995 with limited liability and is an indirect wholly-owned subsidiary of our Company
"Mr. Chang"	Chang Hsiao-Yi, the purchaser of shares in AIC pursuant to the AIC-SP Agreement and is a beneficial owner of Sunrise
"New Bye-laws"	the new bye-laws of our Company adopted on 1 June 2011 and which will become effective on the Listing Date, a summary of which is set out in Appendix IV to this document
"New Hope Marine"	New Hope Marine, S.A., a company incorporated in Panama on 18 November 1981 with limited liability and is an indirect wholly-owned subsidiary of our Company

"Nominating Committee"	the nominating committee formed by the Board with responsibility, among other matters, to recommend Board appointments
"Panama"	Republic of Panama
"Panamax Leader"	Panamax Leader Marine Corp., a company incorporated in Panama on 26 April 2010 with limited liability and is an indirect wholly-owned subsidiary of our Company
"Panamax Mars Marine"	Panamax Mars Marine Co. Ltd., a company incorporated in BVI on 6 July 2004 with limited liability and is an indirect wholly-owned subsidiary of our Company
"Pilot Assets"	Pilot Assets Group Limited, a company incorporated in BVI with limited liability and a Controlling Shareholder, which is owned as to 21.43% by each of Sea-Sea Marine, China Lion, China Harvest, Pronto and 14.28% by Unit Century
"Pointlink"	Pointlink Investment Limited, a company incorporated in BVI with limited liability on 7 July 2005 with limited liability and a former subsidiary of our Company, which was disposed of as part of the 2011 Disposal
"PRC" or "China"	the People's Republic of China which, for the purposes of this document only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"PRC Property"	the industrial complex situated at 中國上海青浦區工業園區2街坊19/6丘(上海市房地產權証編號：滬房地青字(2008)第010072號) constructed with a gross floor area of approximately 17,877 square metres (subject to final approval from the relevant governmental authorities), being a subject matter under the AIC-SP Agreement
"Previous Courage Marine BVI Shareholders"	Pilot Assets, Lin Tsai-Seng, Ho Tsuy-Hong, Chen Ting-Jung and Sun Hsien-Long
"Pronto"	Pronto Star Limited, a company incorporated in BVI with limited liability and a Controlling Shareholder, which is wholly-owned by Chiu Chi-Shun
"Raffles Marine"	Raffles Marine Corp., a company incorporated in Panama on 14 December 2004 with limited liability and is an indirect wholly-owned subsidiary of our Company

"Remuneration Committee"	the remuneration committee formed by and under the Board with responsibility, among others, to recommend remuneration of the Directors
"ROC" or "Taiwan"	Taiwan, or Republic of China
"Sale"	the sale of 10,588,293 Shares (representing approximately 1% of our Shares in issue by China Lion as vendor to the Bridging Dealer on or before the Bridging Period), at a sale price of S$0.155 per Share, being the closing price of our Shares quoted on the SGX-ST on the date of and pursuant to the Sale and Repurchase Agreement
"Sale and Repurchase Agreement"	the stock sale and purchase and repurchase agreement relating to Shares dated 23 May 2011 as specifically described in the section headed "Listings, Registration, Dealings and Settlement – Bridging Arrangements – Intended Arbitrage Activities during the Bridging Period" of this document
"Sea Pioneer"	Sea Pioneer Marine Corp., a company incorporated in Panama on 6 November 2008 and is an indirect wholly-owned subsidiary of our Company
"Sea-Sea Marine"	Sea-Sea Marine Company Limited, a company incorporated in BVI and a Controlling Shareholder, which is wholly-owned by Besco which in turn is wholly-owned by HSBC Trustee in its capacity as trustee of a discretionary trust known as The Lowndes Foundation
"Sea Valour"	Sea Valour Marine Corp., a company incorporated in Panama on 25 October 2005 with limited liability and is an indirect wholly-owned subsidiary of our Company
"SFA"	The Securities and Futures Act, Chapter 289 of Laws of Singapore, as amended or modified from time to time
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"SGX-ST"	Singapore Exchange Securities Trading Limited
"Shanghai Premises"	Room 1, Unit 19D, 137 Xianxia Road, Changning District, Shanghai, PRC, an office of our Group, which is leased from a Connected Person

"Share(s)"	share(s) of US$0.018 each in the share capital of the Company
"Share Option Scheme"	the existing employee share option scheme of our Company approved by the Members on 24 August 2005, the principal terms of which are summarized in the section headed "Share Option Scheme" in Appendix VI to this document, and which will be terminated on the Listing Date
"Shareholder(s)"	holder(s) of Share(s)
"Singapore"	The Republic of Singapore
"Singapore Code"	Singapore Code on Takeovers and Mergers
"Singapore Companies Act"	The Companies Act, Chapter 50 of Laws of Singapore, as amended or modified from time to time
"Stock Borrowing and Lending Agreement"	the agreement relating to stock borrowing and lending arrangements in respect of Shares dated 23 May 2011 as specifically described in the section headed "Listings, Registration, Dealings and Settlement – Bridging Arrangements – Intended Arbitrage Activities during the Bridging Period" of this document
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Sunrise"	Sunrise Airlines Co. Ltd., a company incorporated in Taiwan on 14 November 1991, in which we had about 25% equity interest until June 2009
"Supplemental AIC-SP Agreement"	has the meaning ascribed to it in the paragraph headed "Sunrise investment" under the section headed "History and development"
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Tianjin Cross-Ocean"	China Tianjin Cross-Ocean Development Co. Ltd, a PRC company which has been supplying us with all the vessel crews for the operation of our vessels and is an Independent Third Party
"The Lowndes Foundation"	an irrevocable discretionary trust established by Hsu Chih-Chien as settlor

"Track Record Period"	the period comprising the three years ended 31 December 2010
"Unit Century"	Unit Century Enterprises Limited, a company incorporated in BVI with limited liability and one of our Shareholders, which is owned as to 52% by Wu Chao-Ping and as to 24% by each of Wu Cheng-Hua and Wu Cheng-Tsu
"US" or "United States"	the United States of America
"Way-East"	Way-East Shipping Agency Co. Ltd (formerly known as Waywiser Shipping Agency Co, Ltd.), a company which is wholly-owned and/or controlled by a Director (namely, Hsu Chih-Chien) and his family, which previously rendered shipping agency services to our Group
"Zorina Navigation"	Zorina Navigation Corp., a company incorporated in Panama on 10 September 2003 with limited liability and is an indirect wholly-owned subsidiary of our Company
"HK$" and "cents"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"NT$"	New Taiwan dollars, the lawful currency of ROC
"RMB"	Renminbi, the lawful currency of the PRC
"S$"	Singapore dollars, the lawful currency of Singapore
"US$"	United States dollars, the lawful currency of the US
"sq. m."	square metre(s)
"%"	per cent

Unless otherwise specified, for the purpose of this document and for the purpose of illustration only, Hong Kong dollar amounts have been translated using the following rates:

US$1	*HK$7.7988*
S$1	*HK$6.2825*
RMB0.8302	*HK$1*

No representation is made that any amounts in US$, RMB, S$ or HK$ were or could have been converted at the above rates or at any other rates or at all.

This glossary contains explanations of certain terms used in this document in connection with us and our business. These terminologies and their given meanings may not correspond to those standard meanings and usage adopted in the industry.

"American Bureau of Shipping"	a maritime classification society established in the United States of America
"Baltic Dry Index" or "BDI"	an index of the daily average of international shipping prices of various dry bulk cargoes made up of 20 key dry bulk routes published by the Baltic Exchange in London
"bunker"	fuel, consisting of diesel or heavy fuel oil, used for vessels
"Bureau Veritas"	a French ship classification society
"Capesize"	dry bulk vessels size range as 100,000 dwt or larger
"China Corporation Register of Shipping"	a ship classification society established in Taiwan
"Classification Society"	accredited organisation whose main function is to carry out surveys of ships while being built and at regular intervals after construction, its purpose being to set and maintain standards of construction and upkeep for ships and their equipment.
"CoA"	contract of affreightment, a type of charter contract where it covers a series of voyages (instead of a single voyage) usually over a fixed period of time and the freight is pre-determined under the contract made between a shipowner and a charterer.
"Daily TCE"	an acronym for daily time charter equivalent, a standard industry measurement of the average daily revenue performance of a vessel. The TCE is calculated by dividing the voyage revenues (net of expenses such as port, canal and bunker costs) by the available days (being the number of days that the vessel was operated by our Group during the charter period minus days without charter hire due to repair and maintenance and between two charter periods and days agreed with the charterers due to the speed claims or any other reasonable claims arising from the under-performance of the vessel) for the relevant time period

"demurrage"	a penalty charge against charterer, shipper or receiver for failing to complete loading/discharging within time allowed according to charter-party
"despatch"	an increase payment paid by the vessel owner to the charterer for loading and unloading the cargo faster than agreed. Usually negotiated only in charter parties. Also called "dispatch"
"dry bulk cargos"	cargos which are not in packages or containers (i.e. cargos which are shipped loose in the hold of a ship without mark and count)
"dry dock"	a facility or establishment where a vessel can be removed from the water for inspection, maintenance and/or repair of submerged parts
"dwt"	an acronym for deadweight tonnage, a measure expressed in metric tons or long tons of a ship's carrying capacity, including bunker oil, fresh water, crew and provisions
"Handymax"	dry bulk vessels with size ranging from approximately 40,000 to 59,999 dwt
"Handysize"	dry bulk vessels with size ranging from approximately 10,000 to 39,999 dwt
"IMO"	International Maritime Organisation, a United Nations agency that issues international trade standards for shipping
"ISM Code"	International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention
"Isthmus Bureau of Shipping"	a ship classification society established in Panama
"P&I"	protection and indemnity, which denotes the mutual protection coverage taken by a shipowner or charterer against third party liabilities such as oil pollution, cargo damage, crew injury or loss of life
"P&I Association(s)"	association(s) of shipowners who, by means of contributions, known as calls, provide mutual protection against liabilities not covered by insurance, such as claims for injury to crew and loss or damage to cargo. It is also abbreviated to "P&I club" or "pandi club"
"Panamax"	bulk ship size range as 60,000 to 99,999 dwt

"Safety Management System"	structured and documented system enabling our Group personnel and also crew members to implement effectively our safety and environmental protection policy
"SOLAS Convention"	the International Convention for the Safety of Life at Sea
"time charter"	an arrangement whereby a shipowner places a crewed ship at a charterer's disposal for a certain period. Freight is customarily paid periodically in advance. In general, the charterer also pays for bunker, port and canal charges and other costs that are directly related to the voyage
"voyage charter"	an arrangement for the hire of a vessel under which the shipowner is paid freight on the basis of the cargo movement from a loading port to a discharge port. The shipowner is generally responsible for paying both operating costs and voyage costs and the charterer is generally responsible for any delay at the loading or discharging ports

This document contains forward-looking statements that state our intention, belief, expectation or prediction for the future that are, by their nature, subject to significant risks and uncertainties.

These forward-looking statements include, without limitation, statements relating to:–

– the industry regulatory environment as well as the industry outlook in general;

– the amount and nature of, and potential for, future development of our business;

– our business objectives and strategies;

– our capital expenditure plans;

– our operations and business prospects; and

– our future plans.

The words "believe", "intend", "anticipate", "estimate", "plan", "potential", "will", "would", "may", "should", "expect", "seek" and similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. All statements (other than statements of historical facts included in this document), including statements regarding our strategy, plans and objectives of management for future operations, are forward-looking statements. These forward-looking statements reflect our current view with respect to future events, but they are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risks factors as disclosed under "Risk Factors" and elsewhere in this document. One or more of these risks or uncertainties may materialise, or the underlying assumptions may prove to be incorrect. Although the Directors believe that our current views as reflected in those forward-looking statements based on currently available information are reasonable, we can give no assurance that those views will prove to be correct, and investors are cautioned not to place undue reliance on such statements.

Subject to the requirements of the Listing Rules or the applicable laws, we undertake no obligation to publicly update or revise any forward-looking statements contained in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this document.

Potential investors should consider carefully all the information set out in this document and, in particular, should evaluate the following risks associated with an investment in our Shares. You should pay particular attention to the fact that our Company is incorporated in Bermuda and we have operations conducted outside Hong Kong and are governed by a legal and regulatory environment which in some respects may differ from that in Hong Kong. Any of the risks and uncertainties described below could have a material adverse effect on our business, results of operations, financial condition or on the trading price of the Shares, and could cause you to lose all or part of your investment.

We believe that there are certain risks involved in our operations, some of which are beyond our control. These risks can be broadly categorised into: (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to ownership of our Shares; (iv) risks relating to the dual primary listing; and (v) risks relating to statements made in this document.

RISKS RELATING TO OUR BUSINESS

Our profitability may not be sustainable in the future

For each of the three years ended 31 December 2010, our revenue amounted to approximately US$75.7 million, US$27.9 million and US$46.5 million respectively; and our net profit was approximately US$40.5 million, US$75,000 and US$9 million respectively.

During the year of 2009, our revenue derived from our operations was approximately US$27.9 million only, which represented a decline of approximately 63.1% from that of 2008. Due to low freight rates and reduced fleet utilization resulting from (i) the contraction of global trade finance and the global economic crisis; and (ii) a drop in China's coal exports, as well as certain expenditures being fixed costs which were incurred regardless of our decrease in revenue, we recorded a gross loss of approximately US$1.1 million in 2009. As our other income in 2009 derived mainly from the payment in respect of insurance claims and gains on disposals of vessels and trading investment, we were able to maintain a net profit of US$75,000 despite the gross loss.

In 2010, our revenue and net profit increased to approximately US$46.5 million and US$9 million respectively.

However, our revenue decreased by approximately 55.0% from approximately US$12.9 million in the three months ended 31 March 2010 to approximately US$5.8 million in the three months ended 31 March 2011. The decrease in revenue during such period was mainly due to the over-supply of vessels within the Asian region caused by cutting of cargo shipment to and from Japan as a result of the Japanese earthquake, tsunami and nuclear pollution breakout.

The cost of bunkers are generally borne by charterers under time charters, and are generally borne by us (as shipowners) under voyage charters. The cost of bunkers can be influenced by various economic and/or political factors which are beyond our control.

The political instability in the Middle East led to concerns about global oil supply resulted in a substantial increase in bunker price, which is one of our major variable cost, and discouraged us from taking orders negotiated at lower freight rates. The above led to a decrease in the overall utilization rate of our vessels from approximately 94.5% to approximately 44.1%. Together with the effect of the decrease in our freight rates, our revenue, together with our net profit, experienced a significant decrease in the three months ended 31 March 2011, resulting in a net loss of approximately US$3.7 million for the three months ended 31 March 2011. There is no assurance that such net losses will not recur or that we will be able to generate and sustain revenue growth and profitability in the future.

Our profitability is dependent upon, among other factors, levels of demand and supply for vessels with different capacities, global and regional economic and market conditions, level of international and regional trades, market competition, and volatility of operational and other costs. In late 2008, the global economy suffered a recession and downturn. It resulted in a decrease in both the demand for vessel chartering services (including ours) as well as the international freight rate for the services. Subsequently, freight rates and the demands for vessel chartering services were subject to wide fluctuation. Such fluctuations may sometimes be not favourable to our business and may materially and adversely affect our financial performance.

We rely on a few major customers during the Track Record Period and our trade receivables are mainly due from these customers

During the Track Record Period, we derived most of our revenues from a few major customers. For each of the three years during the Track Record Period, our top five customers accounted for approximately 56.7%, 72.4% and 57.7% of our total revenues respectively, while our top single customer accounted for approximately 18.1%, 52.2% and 23.9% of our total revenues respectively. All the top five customers are Independent Third Parties.

In the event that any of our major customers, who account for a substantial portion of our revenue, default in payment to us or otherwise default in performing any obligations under any charter contract, we may incur time and costs in recovering losses and damage. We may also suffer loss of revenue arising from the resultant off-hire period and/or any decrease in charter hire rate under the charter agreement with alternate charterers. As a result, our revenue, operating results and financial conditions may be materially and adversely affected.

Our Group's credit risk is primarily attributable to the trade receivables. Our Group has concentration of credit risk, as (i) 91.6%, 53.7% and 78.6% of the total trade receivables as at 31 December 2008, 2009 and 2010 was due from our largest customer and (ii) 99.3%, 95.0% and 100% of the total trade receivables as at 31 December 2008, 2009 and 2010 was due from our five largest customers. If any of these customers deviate from its settlement track records or credit quality, our financial position and performance may be adversely affected.

We rely on spot charter contracts

Our business model has a significant reliance on revenue derived from spot charter contracts, and the significant drop in revenue derived from spot charter contracts in 2009 indicates our exposure to the risk of fluctuations in freight rates. For each of the years ended 31 December 2008 and 2010,

approximately 81.8% and 75.5% of our revenue was attributable to spot charter contracts respectively, while approximately 18.0% and 23.9% was attributable to CoA respectively. Our revenue derived from spot charter contracts for the year ended 31 December 2009 decreased from approximately US$62 million in 2008 to approximately US$13.4 million in 2009 due to low freight rates and low utilization rates as a result of (i) the contraction of global trade finance and the global economic crisis; and (ii) a drop in China's coal exports. For the year of 2009, approximately 46.5% and 52.2% of our revenue was attributable to spot charter contracts and CoA respectively. In the event that the market freight rates and/or demand for vessel chartering services decrease and/or we are unable to secure any CoA which provides us with a relatively stable income, we may not be able to maintain our profitability and our financial performance may be materially and adversely affected.

We currently own nine vessels only

As at the Latest Practicable Date, we owned nine dry bulk vessels with a total tonnage of approximately 577,000 dwt. See "Our business – Fleet composition" for further details.

As the number of vessels which we own and operate is limited, each of these vessels had, significantly contributed to our results during the Track Record Period. Any disruption or cessation of the operation of any one of our vessels (whether caused by retirement, ship arrests, inspection, repair or maintenance, marine accidents, mechanical failure, labour strikes, human errors, adverse weather conditions, terrorist attacks, piracy or other reasons) or any loss or damage suffered by us in respect of the vessel (such as default in payment of charter hire by any particular charterer of the vessel) could have material and adverse impact on our business, profitability and operating results.

There is no assurance that any additional vessels that we plan to acquire in the future will be sufficient for us to minimise the impact on us as a result of any disruption or cessation of, or loss or damage suffered in respect of, our other vessel(s).

The revenue from the China Coal CoA, the 2011 First CoA and the 2011 Second CoA may not be evenly distributed during the contract periods

During the Track Record Period and up to the Latest Practicable Date, our CoAs, by commodity nature, could be categorised into two types:

(i) CoA regarding transportation of sea sand: we entered into the 2011 First CoA and the 2011 Second CoA with two Singapore construction companies in May 2011. Pursuant to these two CoAs, we have agreed to transport a certain agreed volume of sea sand for the customers at a pre-determined fixed rate during the agreed periods. The credit period given to these two Singapore construction companies is 30 days.

(ii) CoA regarding transportation of steam coal: we entered into China Coal CoA with China Coal in May 2011. Pursuant to the China Coal CoA, we have agreed to transport a certain agreed volume of steam coal for the customer at a pre-determined fixed rate during the agreed period. The credit period given to China Coal is also 30 days.

Pursuant to the three CoAs, we are obligated to transport an agreed volume of sea sand or steam coal for the customers within the respective contract periods, but the volume to be transported may not be evenly distributed during such periods. Accordingly, there is no assurance that the revenue derived from the CoAs could be evenly distributed as well, which may materially and adversely affect our financial performance during the material periods.

We may incur substantial maintenance and repair costs or replacement costs of vessels

Each of our vessels is required to be certified by a Classification Society. In order to maintain such certification, they have to undergo and pass various surveys and inspections, including annual surveys, intermediate surveys (which is usually carried out every two and a half years) and class renewal or special surveys (which is usually carried out every four to five years).

The cost of acquiring vessels of relatively older age is generally lower. It has been our preference to acquire such categories of vessels to save acquisition costs. As at the Latest Practicable Date, the average age of our vessels was approximately 26 years, which is significantly longer than the average age of other vessels in the industry. Accordingly, the remaining useful life and the residual value of our vessels are lower than those of other vessels in the industry. The repair and maintenance costs of our vessels may also be higher than younger vessels in the industry, which may increase our cost of services and thus lower our profitability.

If the economic life of our vessels cannot be continuously maintained at reasonable costs, there may be significant costs incurred in acquiring replacement vessels, which may adversely affect our financial performance. There is also no assurance that our ownership and operation of second-hand vessels will not result in higher operating expenditures than originally anticipated (including repair costs), which may materially and adversely affect our financial performance.

We face counterparty risks

As we operate in a highly fragmented market, our customer base is diverse. Although our top five customers (who together accounted for over 50% of our revenues during the Track Record Period) have over five years of business relationship with us and are reputable with good credit records, we provide vessel chartering services to new customers from time to time. As there may be limited information about our potential customers available in the market, and we do not have any past business relationship with such potential customers, we may not be able to obtain all necessary background information for assessment of the creditworthiness of such potential customers. Generally we would conduct internet search and also consult local port agents and our other contacts to understand the background of these potential customers in assessing any counterparty risk. There is no assurance that such assessments may be correct or our customers (whether new or existing ones) can or will always meet their obligations under the relevant charter contracts. If any customer defaults, apart from non-payment of charter hire, we may incur additional costs in handling any cargo which are on board the vessels at the time of default, and may also incur costs on port expenses and stevedoring costs. Our financial performance may accordingly be adversely affected.

We may not have sufficient insurance to cover the risks related to our operations and losses and may not be able to maintain existing insurance coverage

In operating our fleet, we are exposed to inherent risks and external factors which are out of our control, such as sinking, collision and other marine disasters, environmental pollution, cargo and property loss or damage, piracy or terrorism attacks. Disruption of operations may also be caused by mechanical failure, human error, political action, labour strikes, adverse weather conditions and other circumstances or events. Any such circumstances or events can result in loss of revenue or increased costs.

We have effected insurance and also P&I against some of these risks. However, there can be no assurance that all risks are insured or adequately insured against. The insurance policies that we have currently obtained do not cover, for instance, the following risks: (i) cancellation of contracts; (ii) loss of hire; (iii) loss or damage from terrorism, radioactive and chemical contamination, or cyber attack on any software programme or electronic system; (iv) nuclear risks or blockade. We have not effected insurance policies to cover loss of revenue due to delay or detention caused by political unrest, labour strikes, arrest, crew desertion, crew illness, infectious diseases, stowaways, drug seizure, inability to load or discharge cargo which are considered as trading risks. Under most of the insurance policies, there are applicable deductibles so that loss or damage or liability suffered or incurred by us in excess of a prescribed amount may not be claimed from the insurance companies, but must be borne by us. In addition, we will not be able to maintain the existing insurance coverage if we are in wilful breach of any warranties under the relevant insurance policy. See "Business – Insurance" for further information on our insurance coverage.

We may be requested to make additional contributions by P&I Associations to which we belong

We have effected P&I for our fleet from The American Club, a P&I Association. P&I Associations are mutual insurance associations whose members must contribute to cover losses sustained by other association members. The objective of a P&I Association is to provide mutual insurance based on the aggregate tonnage of the members' vessels which entered into the association. Claims are paid through the aggregate premiums contributed by all members of the association, although members remain subject to calls for additional funds if the aggregate premiums are insufficient to cover claims submitted or claims submitted to the association from other P&I Associations where the association has entered into interclub agreements. There is a risk that the P&I Association to which we belong will call for additional funding from its members and such funding calls might adversely affect our financial performance.

Our financial performance may be materially and adversely affected when our vessels are under detention

During the Track Record Period, our Directors confirm that four of our vessels were detained by the relevant authorities of ports or courts ranging from approximately 0.5 days to 49 days. Such detentions resulted from, *inter alia*, shipping accident claims or alleged non-compliance of the relevant rules of different ports. If our vessels are detained in the future, the duration of the detentions would

be out of our control but decided by the relevant authorities. When our vessels are under detention, they will not be able to provide chartering services for charterers and our financial performance could be adversely affected. In the event that our vessels are under a relatively long period of detention, our financial performance could be materially and adversely affected.

For further details regarding the detention cases of our vessels during the Track Record Period, see "Business – Legal proceedings".

Income derived from our operations may be subject to taxation of local jurisdictions

We are incorporated in Bermuda and are principally engaged in regional vessel chartering services with subsidiaries incorporated in various jurisdictions, including Hong Kong, Taiwan, BVI and Panama.

Our fleet is deployed mainly in the waters around the Greater China region as well as Indonesia, Singapore, Korea, Vietnam, Cambodia, the Philippines, Russia, and elsewhere in Asia. It is possible that any local tax laws and regulations of any particular jurisdiction or port in the world, to which our vessels may from time to time travel, may impose any income tax, profits tax, withholding tax or other special taxes or levies on our income derived from the relevant vessels. There is no assurance that we have the right to claim against or to seek recovery from the relevant customers for reimbursement of such taxes or levies. If such risk materialises, our profitability may be adversely affected.

Depreciation expenses in respect of our vessels may affect our profitability

In line with our established accounting policy, depreciation is charged so as to write off the costs of our vessels over their remaining estimated useful lives (generally of 30 (for first-hand vessel)/usually ranging from 5 to 10 years (for second-hand vessels)) from the date of their acquisition, after allowing for residual values estimated by the Directors, using the straight-line method. Each vessel's residual value is equal to the product of its lightweight tonnage and estimated scrap rate. For each of the three years in the Track Record Period, our depreciation expenses in respect of our vessels, being fixed costs, amounted to approximately US$6.6 million, US$10.5 million and US$8.8 million respectively, representing approximately 18.7%, 36.4% and 25.8% of our total cost of services respectively.

It is one of our business strategies to expand and optimise our fleet structure by acquisition of larger second-hand vessels to meet demands for our services. Such further acquisition may increase our depreciation expenses, especially in respect of younger and larger vessels with relatively higher acquisition costs. If our future revenue declines for whatever reasons (including without limitation, market volatility or a decline in the world's hire rate for vessel chartering services), our depreciation expenses may outweigh our revenue, and our profitability may thereby be materially and adversely affected.

We face risks associated with acquisition or ownership of second-hand vessels

At present, our fleet comprised second-hand vessels only. It is also our current plan to expand our fleet by purchasing second-hand vessels. However, sellers of second-hand vessels typically provide very limited warranties with respect to the physical or operating conditions or other state of the vessel. Our inspection of such second-hand vessels prior to purchase will not normally provide us with the same knowledge about the conditions of the vessel that we would have if the vessel had been built for or exclusively operated by us. Furthermore, there is no assurance that any second-hand vessel to be acquired by us will meet our requirements. Any defect in the vessels may result in significant repair costs and expenses or even disruption to our operations, which may materially and adversely affect our financial performance.

It may be difficult for us to acquire more vessels which completely meet our requirements

Our business strategy and future plans are based substantially upon the size and capacity of our fleet. In the event we need to acquire vessels for expansion or replacement. There is no assurance that vessels meeting our size and quality requirements will be available at prices or delivery times acceptable to us.

In such event, our ability to increase or maintain our revenue may be adversely affected. If our costs of acquisition of vessels increase, our capital and/or operating costs may increase accordingly, thereby materially and adversely affecting our profitability.

Major litigation may affect our business

We are exposed to risk of being involved in major legal proceedings, as the shipping business carries inherent risks of marine accidents, which could result in loss or damage of property or even death or injury to persons.

If we fail to claim or defend any legal proceedings from time to time involved, or fail to settle such legal proceedings on commercially reasonable terms, and the damages which we may be found liable to pay in respect of such legal proceedings are not covered by the insurance policy or otherwise not paid by the insurers for whatever reasons, our business and results of operations may be materially and adversely affected. Our management's time and efforts could also be diverted from the operation of our core business, in order to pursue or defend the legal proceedings which we are involved. The insurers may also increase our insurance premium. These may materially and adversely affect our operations and financial performance.

We may not be able to grow or manage our growth effectively

A principal focus of our strategy is to grow by expanding our existing customer relationships, developing new customer relationships and by capitalising on opportunities arising from the changing market conditions. We plan to achieve this goal by, among other means, expanding or changing the composition of our Fleet or our geographic focus, entering into new strategic alliances or transporting other bulk commodities. Our future growth will depend upon a number of factors, some of which are

beyond our control. These factors include, but are not limited to, our ability to maintain, expand or develop our customer relationships, identify suitable second-hand vessels to be acquired, hire, train and/or retain qualified personnel to manage and operate our growing business and Fleet, and identify new markets.

There is no assurance that we will be able to effectively manage growth factors that are beyond our control. For instance, to preserve our customers, we may in response to market conditions be compelled to reduce the pricing for our services. This may have an adverse impact on our growth, and even profitability. The failure to manage any of such factors effectively may materially and adversely affect our business, financial position and results of operations.

We depend on key management personnel and the loss of such personnel may adversely affect our operations

Our future performance depends largely on our ability to retain our key management personnel. Our executive Directors and management team are collectively responsible for our daily operations. They play instrumental roles in charting the business direction, establishing and maintaining business relations and spearheading our growth. Most of our executive Directors and senior management are aged 60 or over, and may retire in a few years' time. We cannot assure that we will be able to retain and/or find suitable replacement for our key management personnel. The loss of their services without suitable replacements may have a material adverse effect on our business, financial condition, results of operations and prospects.

Changes in environmental regulations may materially and adversely affect our business operations and financial performance

Each of our vessels is required to obtain the relevant certificates issued by the classification societies pursuant to the ISM Code for compliance with various requirements relating to prevention of air pollution, oil pollution and other kinds of marine pollution. Older vessels generally tend to emit more pollutants than younger vessels. As at the Latest Practicable Date, the average age of our vessels was approximately 26 years, which is significantly higher than the average age of other vessels in the industry. In the event that there are more stringent environmental regulations on emission requirements, we may have to incur additional costs to fulfill such requirements or replace our older vessels, which may materially and adversely affect our business operations and financial performance.

We expect to incur significant capital expenditure in connection with our future plans and therefore may require funding and new capital in the future

To grow our business, we intend to increase our fleet capacity as well as increase our operations size generally. The acquisition of new vessels and, to a smaller extent, the increase in our operations size will require capital expenditure. Such expenditure may be made in advance of increased revenue. However, we cannot assure that our revenue will increase as planned after incurring such capital expenditures. Our failure to increase our revenue after incurring such capital expenditures could materially reduce our profitability.

In addition, we may need to obtain additional debt or equity financing to fund our capital expenditure. Additional equity financing may result in dilution to our Shareholders. Additional debt financing may result in all or any of the following:

- limit our ability to pay dividends or require us to seek consent from certain creditors for the payment of dividends;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flows from operations to servicing of our debt, thereby reducing the availability of our cash flows to fund capital expenditure, working capital and other requirements; and/or
- limit our flexibility in planning for, or reacting to, changes in our business and our industry.

We cannot assure that we will be able to obtain additional debt or equity financing on terms that are acceptable to us or at all. An inability to secure additional debt or equity financing may adversely affect our business, implementation of our business strategy and future plans and results of operations. For more information on our capital expenditure, see "Financial information".

Most of our subsidiaries, operations and assets are located outside Hong Kong. Accordingly, it could be difficult to enforce a Hong Kong judgment against our subsidiaries, Directors and senior management who are non-Hong Kong residents

Most of our subsidiaries, assets and operations are located outside Hong Kong. Most of our subsidiaries therefore are not subject to Hong Kong laws. In addition, most of our Directors and senior management are non-Hong Kong residents, and substantially all the assets of these persons are located outside Hong Kong. As a result, it could be difficult for investors to effect service of process in Hong Kong, or to enforce a judgment obtained in Hong Kong against most of our subsidiaries or any of our Directors or senior management who are non-Hong Kong residents.

The recent natural disasters in Japan may affect our operations and financial performance

In March 2011, Sendai, Japan suffered from a severe earthquake with a magnitude of approximately 9 on the Richter scale, which triggered a tsunami causing extensive and severe damage in northeast Japan. As a result, there was heavy damage to roads and railways as well as fires in many areas. Many electrical generators were taken down and several nuclear reactors suffered explosions resulting in leakage of radiation.

During the Track Record Period, we rarely deployed our vessels in the waters around Japan and our vessels rarely sailed to or from ports of Japan. However, the recent natural disasters in Japan may increase the price of oil and thus increase our costs of operation, and may adversely affect our financial performance if we are not able to pass on such increased costs to our customers. In the event that the radiation leakage worsens and affect other regions in Asia, we may have to re-designate some

of our shipping routes. The Asian economic activities may be adversely affected and may result in a decrease in the demand for our vessel chartering services, hense adversely affecting our operation and financial performance.

Dividends declared by the Company in the past may not be indicative of the Company's dividend policy in the future

Any proposal by our Directors for the declaration of dividends and the amount of any dividends to be paid will depend on various factors, including, but not limited to, our results of operations, future profits, financial position, regulatory capital requirements, working capital requirements, general economic conditions and any other factors that our Directors may consider relevant from time to time. Accordingly, our historical dividend distributions are not indicative of our future dividend distribution policy and potential investors should be aware that the amount of dividends paid previously should not be used as a reference or basis for predicting future dividends.

RISKS RELATING TO THE INDUSTRY

Global or regional economic, political or other factors may affect our business

Our business depends substantially on the global and regional economic and market conditions, and level of international and regional trade. Slowing economic growth or a recession could adversely affect the demand for import and export, and could thereby lead to a decline in the demand for our services or otherwise lower our charter hire rates. International trade or political disputes and trade protectionism, which may result in imposition of trade barriers or restrictions, sanctions, boycotts or embargoes, and other factors such as acts of war, hostilities, epidemics or terrorism, could also adversely affect the international or regional trade volume and, in turn, could have a material adverse effect on our business, financial condition and results of operations as well as affecting our future expansion strategies.

Certain recent adverse financial developments have impacted the global financial markets. These developments include a general economic slowdown both in the US, Europe and globally and volatility and tightening of liquidity in credit markets. Economic downturn has also affected the international and regional trade volume and therefore demand for our services. It is difficult to predict how long these conditions will last and which markets and businesses may be affected. These developments will continue to present risks for an extended period for us, including a potential decline in the vessel chartering volume and/or charter hire rates. If this economic downturn continues, our business, financial condition and results of operations may be adversely affected.

We may be adversely affected by the recent political unrest in Egypt and other countries in Africa and the Middle East

Since early 2011, there have been political unrest in Egypt and some countries in Africa and the Middle East. As the Suez Canal (which allows transportation between Europe and Asia without navigation around Africa) is located in Egypt while some ports are located in many African countries, it is possible that the shipping companies that focus on Asian waters may generally be affected by

such political instability given the resultant over-supply of vessels in Asian waters. The political instability may also cause concerns about global oil supply and then substantial increase in bunker price. Should the global economic conditions weaken as a result of such events, or if any increasing bunker or other costs cannot be passed on to our customers, our performance and profitability may be adversely affected.

The cyclical nature of vessel chartering industry and dry bulk shipping industry may have an adverse effect on our business

Our business is to own and operate dry bulk carriers principally in the Capesize, Panamax, Handymax and Handysize dry bulk carrier sector. The dry bulk shipping industry has traditionally been highly cyclical and is subject to fairly volatile fluctuations in charter-hire and freight rates, capacity utilization, demand and supply of shipping capacity and changes in shipping routes. These factors will contribute to volatility in our revenues, profitability and vessel values.

The demand for shipping capacity and freight and charter-hire rates are influenced by, *inter alia*, global and regional economic conditions, developments in international trade, changes in seaborne and other transportation patterns, weather conditions, port locations, the impact of port congestion, trade sanctions, embargoes, strikes, armed conflicts, riots, social unrest and other political situations in the various countries within the shipping routes normally plied by our vessels. In the event that there are any developments which adversely impact any of these factors such that the markets in which we operate experience reduced demand for the number of voyages from our customers, the demand for our vessels will decline and this may adversely affect our financial performance.

Since May 2010, the Baltic Dry Index, which is an indicator of demand for dry bulk shipping, had fallen from 4,209 to 1,773 as at 24 December 2010. The outlook for the dry bulk shipping industry may be negatively affected in the event that there is a prolonged period of weak demand for shipping capacity. This may be further aggravated by any significant addition to global capacity from newbuilds coming onstream at the same time.

The supply of shipping capacity for dry bulk carriers is a function of, *inter alia*, the size of the existing global fleet, its operational efficiency, the impact of port congestion, the delivery of new vessels and the number of older vessels scrapped, converted to other uses, decommissioned or lost. Such supply may be affected by international conventions, national, state or local laws and regulations (or changes in such conventions, laws or regulations) or maritime transportation practices implemented by governmental and international authorities. Furthermore, there can be no assurance that there will not be an unexpected increase in the delivery of new vessels which operate in the dry bulk shipping market. These factors are out of our control and may have a material adverse effect on our financial performance.

We operate in a highly competitive industry

The dry bulk shipping industry is highly competitive and fragmented with many vessels owners and operators. We face competition from both big and small participants in the industry. Our competitors may have a smaller fleet than we do (hence with smaller capacity or flexibility to meet

customer requirements), but they may nevertheless compete with us through lower pricing. On the other hand, the larger competitors, with their greater fleet capacity and optimal fleet composition may have more opportunities to gain market share than we do.

We also face competitions from international shipping companies which can offer wider ports or route coverage and larger fleet size that may keep their market presence at major ports from time to time. With the increasing global supply of vessel chartering capacity, our Directors believe that the competition in our industry will intensify in the future.

In the event that competition increases in some or all of our principal markets, or our competitors are able to provide comparable services at a lower price and/or better quality and as a result, necessitate us to lower our prices significantly in order to secure charter contracts, this will result in us having a lower profit margin. Furthermore, we may not be able to secure charter contracts that we are prospecting. This may have an adverse effect on our financial performance.

We operate in a highly regulated industry and significant compliance costs and efforts may adversely affect our business and profitability

The ownership, operation and management of vessels is highly regulated, and our operations are affected by various international conventions (including SOLAS, MARPOL, ISM Code), national, state and local laws and regulations relating to, *inter alia*, ship safety, management and operation, pollution control and prevention, environmental protection, crew requirements and security measures.

In addition, our vessels may be subject to other applicable codes, guidelines and standards which may be recommended, adopted or implemented from time to time by maritime industry organisations and agencies, including the IMO, the flag state of our vessels, the Classification Societies that certify our vessels to be "in class", and insurance companies and P&I Associations which provide insurance coverage for our vessels.

See "Regulatory overview" for more details on the foregoing regulations.

Compliance with such regulations may entail expenses for ship improvements or modifications, maintenance and inspection and may also entail changes in operating procedures that may increase our cost of operations.

In the event that any international conventions, national, state or local laws and regulations, or any applicable codes, guidelines and standards which may be recommended, adopted or implemented from time to time by maritime industry organisations and agencies become more stringent in the future and/or additional regulations requiring our compliance are introduced, our costs of operations may increase and this may have an adverse effect on our profitability.

Enforcement measures are in place to ensure compliance by the vessels and shipowners of various regulations in our industry. In the event of non-compliance with any of these existing regulations or any changes to such regulations, or any new regulations which require our compliance, we may be liable for or subject to penalties and sanctions and our operations may be adversely affected as our

vessels may be prevented from operating for a period of time due to the lack of certification, or may be prevented by the relevant port authorities from leaving the port for a period of time. This may adversely affect our operations and our financial position.

There are operational risks inherent to the vessel chartering industry, such as pirates attacks, that may adversely affect our operations and business

The seaborne operation of vessels carries certain inherent risks, including marine accidents, oil spills or other pollution incidents, cargo and property losses or damages, grounding, fire, explosions, collisions, as well as business interruptions caused by mechanical failure, labour strikes, human errors, adverse weather conditions and piracy. If any of these risks materialises, it may result in death or injury to persons, loss or damage of property, environmental pollution or damage, delays of the freight, breach or termination of charter contracts, imposition of fines or penalties, arrests or detention of vessels, increase in insurance costs and/or disputes with customers, which may adversely affect our business operations and results.

During the Track Record Period, we were involved in 11 settled and one unsettled or pending shipping incidents. See ''Business – Legal proceedings'' of this document for further information in connection with our legal proceedings.

The seaborne operation of vessels for vessel chartering industry is vulnerable to pirates attacks and certain recent adverse global financial developments may have aggravated the piracy problems worldwide, particularly in the East African Coast region and near the Somali area which had repeatedly reported on piracy incidents recently. Due to our business nature, it is inevitably exposed to the risks of possible pirates attacks to our vessels over their course of sails.

There is no assurance that our policies and procedures will prevent all of our vessels from pirates attacks in the future. If any of our vessels is attacked, captured or hijacked by pirates in the future, this may involve loss or damage to our property (or loss of our vessels altogether in the event that our vessels are destroyed or taken away by the pirates) or even deaths or injuries to persons, our business and results of operations could be materially and adversely affected.

Labour risks could disrupt our business, including labour unrest and increase in labour costs

Our cost of engaging Tianjin Cross-Ocean to supply us vessel crew members constituted 10.6%, 12.5% and 13.3% of our total cost of services respectively for each of the three years during the Track Record Period.

As at the Latest Practicable Date, our crew members supplied by Tianjin Cross-Ocean were mainly from the PRC. As the PRC economy is rapidly growing, we may in the future face higher rates for hiring such crew from the PRC. If so, our labour costs will rise and this may materially and adversely affect our profitability.

As mentioned above, we do not directly employ any crew for operating our vessels. Instead, we have an agreement with a crewing agency company, Tianjin Cross-Ocean, whereby they undertake to supply us with all the crew, including the captain, the officers and seamen, required for operating our vessels.

Since we rely solely on one crewing agency to supply all our crew requirements, in the event of a disruption in the supply of crew from such crewing agency, whether by reason of regulatory changes in the countries where the crew is sourced, or health quarantine imposed as a result of disease outbreaks, we may have to seek alternate sources of crew, sometimes at short notice. In the event that we are not successful in obtaining an alternate supply of crew, or if we sustain higher costs as a result, our operations may be disrupted or our costs may increase, and therefore our financial performance may be adversely affected.

We depend in part on the crewing agency to ensure that the crew they supply to us are properly qualified and certified in accordance with all applicable requirements under relevant international conventions, national, state, local laws and regulations, rules, codes, guidelines and standards recommended or adopted by maritime industry organisations and agencies.

Under the ISM Code, we are responsible for ensuring that each of our vessels is manned with qualified, certified and medically fit crew in accordance with all applicable national and international laws, regulations and requirements. In particular, we have to ensure that the crew is fully conversant with the safety management system ("**Safety Management System**") implemented by us both on board and on shore, and other relevant rules, regulations, codes and guidelines (as updated from time to time) applicable to the vessel operation. We also have to establish and maintain procedures for identifying any training of our crew which may be required in support of the Safety Management System and ensure that such training is provided for all the personnel concerned or involved with the Safety Management System.

In the event any of our crew is found to be not duly qualified or certified or there is any other non-compliance, breach or contravention in relation to crewing requirements as prescribed under the relevant regulations, we may be exposed to or liable for penalties or sanctions for such non-compliance, breach or contravention, and we may suffer from a disruption in our operations as a result.

In addition, if our vessels get involved in accidents or collisions as a result of the incompetence of our crew, as ship owners, we may be liable for or exposed to sanctions, penalties or damages for oil spills, pollution, third party claims, loss or damage to cargo of our customers and other possible claims arising from such accidents or collisions.

Government requisitions during periods of emergency or war may disrupt our business

Vessels may be requisitioned or seized by governments for use during wartime or other emergency situations. Vessels owners, however, may not be able to receive any compensation from the government, or may be hired at the charter hire rates which are below the then prevailing market rates. Requisitions by governments could thereby adversely affect our business and results of operations.

Our business may be affected by outbreaks and recurrence of epidemics, natural disasters, acts of war, terrorist acts, piracy, political unrest and other events beyond our control

Certain countries have experienced epidemics such as the severe acute respiratory syndrome, avian influenza and natural disasters such as fire, floods, droughts, blizzards and earthquakes, which have had an adverse impact on the economies of the affected countries.

Where there is an outbreak or a recurrence of epidemics or natural disaster, acts of war, terrorist acts, piracy, political unrest and other events which are beyond our control in any country in which our vessels operate, this could result in a decline in the demand for our vessel chartering services resulting from the consequential decrease in the volume of international or regional trade, which could in turn adversely affect our operations and profitability. Outbreak of epidemics may also result in disruption to our business if the local health or governmental authorities impose quarantine or other inspection measures on our vessels, or impose restrictions against import or export of cargo from or to the affected countries.

Vessels can also be targets of terrorist attacks and piracy. Any further terrorist attacks or piracy on merchant vessels may result in increase of insurance premium and security costs and inability to transport cargo to and from the affected countries or areas.

Our operations may be adversely affected if there is any significant downtime of our vessels or equipment

In the event of any extensive servicing or repair, there will be a prolonged and significant downtime of our vessels or equipment resulting in major disruptions to our operations.

In the event we are affected by such prolonged and significant downtime of our vessels or equipment, our operations and financial performance may be adversely affected.

We are exposed to fluctuations in charter-hire and freight rates

We offer our vessels on a variety of charter terms to our customers. For the year ended 31 December 2010, spot charters accounted for approximately 75.5% of our total revenue and we expect that charters based on spot rates will continue to account for a major component of our revenue. In spot charters, our customers will typically approach us to provide vessel chartering services on an immediate or ad hoc basis, and such charters will be based on the prevailing market rates and are usually for a short duration. While spot charters allow us greater flexibility in managing our fleet utilization and in negotiating rates as compared to CoA, this may expose us to possible fluctuations in charter-hire and freight rates which are affected by factors such as general global shortage of shipping capacity, vessel availability and variation in shipping demands especially in the Greater China region. If charter-hire or freight rates decline, this may adversely affect our financial performance.

We are subject to foreign exchange rate fluctuations

Presently, our revenue is denominated and received mainly in US$, although a portion of our revenue is received in RMB, NT$ and HK$. The majority of our purchases are denominated in US$ and to a smaller extent in NT$. To the extent that our sales and purchases are not exactly matched in the same currency or to the extent that there are timing differences between invoicing and collection/payment, we will be exposed to foreign currency exchange gains and losses arising from transactions in currencies other than our functional currency and reporting currency, US$. There is no assurance that we will be able to successfully manage our foreign exchange risks. Accordingly, any significant adverse foreign currency fluctuations may adversely impact on our financial performance. See "Financial Information" for further information.

We are subject to fluctuation of freight rates

In 2009, we recorded revenue of approximately US$27.9 million, reflecting a decline of approximately 63.1% from 2008. Accordingly, we recorded a gross loss in 2009 and our net profit was significantly reduced to approximately US$75,000 mainly due to low freight rates.

Freight rates are generally reflected by the Baltic Dry Index ("**BDI**"). In 2009, after falling under 900 points at the beginning of the year, it fluctuated before hitting a year-high of 4,635 points in November 2009. Although the fluctuations were less tumultuous compared to its unpredictability in late 2008, it affected the freight rates and demand for dry bulk shipping, posing numerous challenges for us throughout 2009.

At the start of the year 2009, the BDI clearly mirrored the bleak state of the economy as markets worldwide continued to suffer from the after-effects of the financial crisis. After showing subtle signs of recovery, the BDI rose substantially in June 2009 to hit its 10-month high since October 2008, at a level of 4,291 points. This was due to the increasing demand from China's steelmakers for iron ore and coal – raw materials necessary in the production of steel.

This surge however, was not sustained and in October 2009, another sizeable fall of the BDI was witnessed – this time down to a level of 2,100 points. The volatility continued as BDI levels subsequently ascended to its 2009-high of 4,635 points in November, concluding a year of erratic highs and lows. In 2010, the BDI dropped back to a level of 2,500 points and then hit the year high at 4,187 points in May 2010. It experienced a significant decline afterwards and reached the year low at 1,700 points in July 2010. It then rose back to a level of 2,900 points in September 2010 and decreased to a level of 1,773 points in the end of 2010. These factors negatively affected the operating environment for the shipping industry, thereby lowering the freight rates. There is no assurance that the BDI can rebound to its peak and will not drop further. If the BDI continues to fall or to recover slowly, our operating results and financial performance may be materially and adversely affected.

The utilization rate of our vessels is determined by the market demand and supply of vessel chartering, which is subject to the global economic condition

During the Track Record Period, our fleet utilization rate was approximately 76.5%, 71.2% and 85.1% respectively. Due to the global financial crisis and economic downturn in 2009, the demand for vessel chartering services declined significantly causing us to have a relatively low fleet utilization rate in the same year. Since the utilization rate of our vessels is determined by the market demand and supply of vessel chartering, which is subject to the global economic condition, in the event that the global economic economy fails to improve or further suffers a recession, the demand for vessel chartering services would decrease accordingly. This would lower our fleet utilization rate and would materially and adversely affect our operating results and financial performance.

Apart from the above, in recent years, multi-national companies and/or large companies may, for purpose of ensuring stable means of marine transport, own and operate their fleet of vessels, hence lowering their demands for chartered vessels. In these circumstances, our turnover may be adversely affected.

RISKS RELATING TO OWNERSHIP OF OUR SHARES

The market price of our Shares may be volatile.

The trading price of our Shares on the SGX-ST may not be indicative of the expected market price for our Shares on the Stock Exchange following the Introduction. Further, the trading price of our Shares on the SGX-ST has been, and may continue to be subject to large fluctuations. The trading price of our Shares may increase or decrease in response to a number of events and factors, including:

- valuations of properties held by us;
- changes in estimates and recommendations by securities analysts;
- developments affecting us or our competitors; and
- changes in general economic conditions.

The volatility may adversely affect the trading price of our Shares regardless of our operating performance. Also for these reasons amongst others, our Shares may trade at prices that are higher or lower than the attributable net asset value of our Shares. In addition, there is no guarantee that investors can regain the amount invested. It is possible that investors may lose all or a part of their investment in our Shares.

The interests of the Controlling Shareholders may not be aligned with those of our other Shareholders.

The Controlling Shareholders hold approximately 62.6% of our issued Shares. The Controlling Shareholders will be able to significantly influence most matters requiring our Shareholders' approval, including the election of Directors and the approval of significant corporate transactions. They will also have an effective veto with respect to certain shareholder actions or approvals requiring a majority vote except where it is required to abstain from voting by the rules of the Listing Manual, or the Listing Rules after our Shares are listed on the Stock Exchange. Such concentration of ownership could have the effect of delaying or preventing a change in control of our Company or otherwise discouraging a potential acquirer from attempting to obtain control of us through corporate actions such as merger or takeover, which could in turn reduce the market price of our Shares and the voting and other rights of our other Shareholders. In view of the concentration of share ownership, there is a possibility that a sale of our Company or some or all of our assets may not maximise value for some Shareholders. There can be no assurance that the Controlling Shareholders will exercise their influence over our Company in ways that are in the best interests of our other Shareholders.

Future sales of our Shares by us or our existing Shareholders may affect our Share price.

Any future sale or offering of our Shares in the public market may exert a downward pressure on our Share price. The sale of a significant amount of Shares in the public market or the perception that such sale may occur, could materially and adversely affect the market price of our Shares. These factors could also affect our ability to issue additional equity securities in the future. There are no restrictions on existing Shareholders to dispose of their Shares under Singapore laws and regulations nor on existing Members to dispose of their Shares under Bermuda laws and regulations. Under Hong Kong law and regulations, apart from the restrictions under Rules 10.07 (1)(a) and 9.09(b) of the Listing Rules of which waivers have been sought from the Stock Exchange, there are no other restrictions on existing Shareholders in relation to the disposal of Shares. Please refer to the section headed "Waivers from Strict Compliance with the Listing Rules" in this document for more details.

The liquidity of our Shares on the Stock Exchange may be limited and the effectiveness of the bridging arrangements is subject to limitations.

Our Shares have not been traded on the Stock Exchange before the Introduction and there may be limited liquidity in our Shares on the Stock Exchange. Although Shareholders will be able to transfer the registration of our Shares from Singapore to Hong Kong, and *vice versa*, there is no certainty as to the number of Shares that Shareholders may elect to transfer to Hong Kong. This may adversely affect investors' ability to purchase or liquidate Shares on the Stock Exchange. Accordingly, there is no guarantee that the price at which Shares are traded on the Stock Exchange will be substantially the same as or similar to the price at which Shares are traded on the SGX-ST or that any particular volume of Shares will trade on the Stock Exchange.

Throughout the Bridging Period (being the 30-day period from and including the Listing Date), the Bridging Dealer intends to carry out arbitrage activities between the Singapore and Hong Kong markets (as set out in the section headed "Listings, registration, dealings and settlement – Bridging arrangements" of this document). Such arbitrage activities are intended to contribute to the liquidity of our Shares on the Hong Kong market by facilitating the migration of Shares to the Hong Kong Share Register to develop an open market in our Shares in Hong Kong following the Introduction. One should be aware, however, that the bridging arrangements are subject to the Bridging Dealer's ability to sell our Shares or obtain sufficient number of Shares for settlement on the Hong Kong market, as well as the existence of adequate price differentials between the Hong Kong and Singapore markets.

There is no guarantee that the bridging arrangements will attain and/or maintain liquidity in our Shares at any particular level on the Stock Exchange, nor is there assurance that an open market will in fact develop. The bridging arrangements will also terminate and cease to continue beyond the Bridging Period (being the 30-day period from and including the Listing Date).

There is also no guarantee that the price at which our Shares are traded on the Stock Exchange will be substantially the same as or similar to the price at which our Shares are traded on the SGX-ST or that any particular volume of our Shares will trade on the Stock Exchange. The bridging arrangements being implemented in connection with the Introduction are not equivalent to the price stabilisation activities which may be undertaken in connection with an initial public offering. In addition, the Bridging Dealer is not acting as a market maker and does not undertake to create or make a market in our Shares on the Stock Exchange.

You may experience difficulties in enforcing your shareholder rights because we are incorporated in the Bermuda, and the laws of the Bermuda for minority shareholders protection may be different from those under the laws of Hong Kong and other jurisdictions.

We are a company incorporated in the Bermuda with limited liability, and the laws of the Bermuda differ in some respects from those of Hong Kong or other jurisdictions where investors may be located.

Our corporate affairs are governed by our Bye-laws, the Bermuda Companies Act and the common law of Bermuda. The laws of Bermuda relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes and judicial precedents in existence in other jurisdictions. This may mean that the remedies available to our Company's minority Shareholders may be different from those they would have under the laws of other jurisdictions.

RISKS RELATING TO OUR DUAL PRIMARY LISTING

There are different characteristics between the Singapore stock market and the Hong Kong stock market

Our Shares have been listed and traded with on the SGX-ST since 13 October 2005. Following the Listing, it is our current intention that our Shares will continue to be traded on the SGX-ST. Our Shares traded on the Stock Exchange will be registered by the Hong Kong Branch Share Registrar. As there is no direct trading or settlement between the stock markets of Singapore and Hong Kong, the time required to transfer shares between the Bermuda Share Registrar and the Hong Kong Branch Share Registrar may vary and there is no certainty when transferred Shares will be available for trading or settlement.

The SGX-ST and the Stock Exchange have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules and investor bases (including different levels of retail and institutional participation). As a result, the trading price of our Shares on the SGX-ST and the Stock Exchange may not be the same.

Further, fluctuations in the price of our Shares on the SGX-ST could materially and adversely affect the price of our Shares on the Stock Exchange, and *vice versa*. Moreover, fluctuations in the exchange rate between Singapore dollars and Hong Kong dollars can also materially and adversely affect the trading prices of our Shares on the SGX-ST and the Stock Exchange. Due to the different characteristics of the stock markets of Singapore and Hong Kong, the historical prices of our Shares on the SGX-ST may not be indicative of the performance of our Shares on the Stock Exchange after the Listing. You should therefore not place undue reliance on the prior trading history of our Shares on the SGX-ST when evaluating an investment in our Shares through the Stock Exchange.

We will be concurrently subject to Hong Kong and Singapore listing and regulatory requirements

As we are listed on the SGX-ST and will be listed on the Stock Exchange, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless otherwise agreed by the relevant regulators. Accordingly, we may incur additional costs and resources in complying with the requirements of both jurisdictions.

The time lag of the transfer of Shares between the Hong Kong and Singapore markets may be longer than expected, and Shareholders may not be able to settle or effect any share sale during this period

There is no direct trading or settlement between the stock exchanges of Singapore and Hong Kong. To enable the transfer of Shares between the two stock exchanges, our Shareholders are required to comply with specific procedures and bear the necessary costs. Under normal circumstances and assuming that there are no deviations from the usual share transfer procedures, our Shareholders can expect a normal transfer to complete within 15 Business Days from the principal register of members in Bermuda ("Principal Register") to the Hong Kong Share Register and 15 Business Days from the Hong Kong Share Register to the Principal Register depending on whether our Shares are registered under CCASS, CDP or in the name of our Shareholders. However, there is no assurance that the transfer of Shares will be completed in accordance with this timeline. There may be unforeseen market circumstances or other factors which may delay the transfer, thereby preventing our Shareholders from settling or effecting the sale of their Shares.

RISK RELATING TO STATEMENTS MADE IN THIS DOCUMENT

Forward-looking statements contained in this document are subject to risks and uncertainties

This document contains certain statements that are "forward-looking" and indicated by the use of forward-looking terminology such as "believe", "intend", "anticipate", "estimate", "plan", "potential", "will", "would", "may", "should", "expect", "seek" or similar terms. Prospective investors are cautioned that reliance on any forward-looking statement involves risk and uncertainties and that, although our Directors believe the assumptions related to those forward-looking statements are reasonable, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The risks and uncertainties in this regard consist of those identified in the risk factors discussed above. In light of these and other risks and uncertainties, the enclosure of forward-looking statements in this document should not be regarded as our representations that the plans and objectives will be achieved, and investors should not place undue reliance on such statements.

One should not rely on any information contained in press articles or other media regarding our Company and the Introduction

You should not rely on any information contained in press articles or other media regarding our Company and the Introduction. Prior to the publication of this document, there may be certain press and media coverage regarding our Company and the Introduction which may include certain financial information, industry comparisons, profit forecasts and other information about our Company that does not appear in this document. We have not authorised the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. Prospective investors should not rely on any such information and should only rely on information included in this document in making any decision as to whether to invest in the Shares.

For the purpose of the dual primary listing, our Company has applied for, and the Stock Exchange has granted, the following waivers in relation to strict compliance with certain requirements under the Listing Rules, details of which are described below:

SHARE ISSUE RESTRICTION WAIVER

According to Rule 10.08 of the Listing Rules, no further shares or securities convertible into equity securities of a listed issuer (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within 6 months from the date on which securities of the listed issuer first commence dealing on the Stock Exchange (whether or not such issue of shares or securities will be completed within 6 months from the commencement of dealing), except for the circumstances more particularly stated in the Listing Rules.

According to Rule 10.07(1)(a) of the Listing Rules, the controlling shareholders of the issuer shall not in the period commencing on the date by reference to which disclosure of the shareholding of the controlling shareholders is made in the listing document and ending on the date which is six months from the date on which dealings in the securities of a new applicant commence on the Stock Exchange, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those securities of the issuer in respect of which he is or they are shown by that listing document to be the beneficial owner(s).

Our Company has applied to the Stock Exchange for a waiver from strict compliance with the restrictions on further issue of securities within the first 6 months from the Listing Date under Rule 10.08 of the Listing Rules, and a consequential waiver from Rule 10.07(1)(a) of the Listing Rules in respect of the deemed disposal of Shares by the Controlling Shareholders upon any issue of securities by our Company within the first 6 months from the Listing Date, and the Stock Exchange has granted such waiver on condition that:

(a) any issue of Shares (or convertible securities) by our Company during the first 6 months after the Listing Date must be either for cash to fund a specific acquisition or as part of or full consideration for the acquisitions;

(b) the acquisitions as mentioned in (a) above must be for asset or business that will contribute to the growth of our Group's operation; and

(c) the Controlling Shareholders will not cease to be controlling shareholders upon the issue of any Shares within the first 12 months of the Listing.

The reasons for the application for waiver from strict compliance with Rule 10.08 and the consequential waiver from strict compliance with Rule 10.07(1)(a) of the Listing Rules by our Company are, inter alias, as follows:

(1) our Company is deemed to be a new listing applicant only by reason of the Introduction whereas our Shareholders remain the same and there is no change to their shareholdings, save that our Shares will be listed on the Main Board of the Stock Exchange as well as on the SGX-ST. Our existing Shareholders should have already gained awareness and knowledge in our Company;

(2) we do not have current plans to raise funds in the short-term, but it is essential for our Company to have the flexibility to raise funds by way of further issue of Shares in either the Hong Kong or the Singapore equity markets or enter into further acquisitions for share consideration should an appropriate opportunity arise. Any issue of new Shares by our Company will enhance our Shareholder base and increase the trading liquidity of our Shares, and the interests of our existing Shareholders and prospective Hong Kong investors would be prejudiced if our Company could not raise funds for our expansion due to the restrictions under Rule 10.08 of the Listing Rules;

(2) the Listing by way of introduction will not result in any dilution of our Shareholders' interests in our Company;

(3) the interests of our Shareholders are well protected since any further issue of Shares by our Company would be (i) made under general mandate; or (ii) subject to Shareholders' approval as required under Rule 13.36 of the Listing Rules; and

(4) since the listing of our Company on the SGX-ST in October 2005, the Controlling Shareholders have at all times maintained more than 30% interest in our Company. They remained strongly committed to our Company and save for the disposal of Shares by China Lion as contemplated under the Sale and Repurchase Agreement and the Stock Borrowing and Lending Agreement, they intends not to dispose of any Shares owned by them within six months from the Listing Date.

SHARE DISPOSAL RESTRICTION WAIVER

According to Rule 10.07(1)(a) of the Listing Rules, the controlling shareholders of the issuer shall not in the period commencing on the date by reference to which disclosure of the shareholding of the controlling shareholders is made in the listing document and ending on the date which is six months from the date on which dealings in the securities of a new applicant commence on the Stock Exchange (the "**Lock-Up Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those securities of the issuer in respect of which he is or they are shown by that listing document to be the beneficial owner(s).

China Lion and the Bridging Dealer have entered into the Stock Borrowing and Lending Agreement pursuant to which China Lion shall upon request by the Bridging Dealer lend up to the number of Shares it holds at the time of such request to the Bridging Dealer, on one or more occasions, and an equivalent number of Shares shall be returned to China Lion within a specified period after the expiry of the Bridging Period (being the 30-day period from and including the Listing Date), subject to applicable laws, rules and regulations in Singapore and Hong Kong, including without limitation that the lending and the subsequent acceptance of redelivery of any Shares by China Lion, and the borrowing and the subsequent redelivery of any Shares by the Bridging Dealer, will not lead to either party being obliged to make a mandatory general offer under the Takeovers Code and/or the Singapore Code. Additionally, China Lion and the Bridging Dealer have also entered into the Sale and Repurchase Agreement for the Sale. Conditional upon the Bridging Dealer acquiring our Shares under the Sale, the Bridging Dealer shall sell and China Lion shall repurchase the equivalent number

of Shares it sold under the Sale, at the same price as such Shares were sold, shortly after the expiry of the Bridging Period (being the 30-day period from and including the Listing Date). Further particulars of such Stock Borrowing and Leading Agreement and the Sale and Repurchase Agreement are set out in the section headed "Listings, Registration, Dealings and Settlement – Bridging Arrangements – Intended Arbitrage Activities during the Bridging Period" in this document.

We have applied to the Stock Exchange for a waiver from strict compliance with Rule 10.07(1)(a) of the Listing Rules to allow China Lion to dispose of its interests in our Company during the Lock-Up Period pursuant to the Stock Borrowing and Lending Agreement and the Sale and Repurchase Agreement and the Stock Exchange has granted such waiver on condition that:

(a) the arrangements under the Stock Borrowing and Lending Agreement and the Sale and Repurchase Agreement are fully disclosed in this document and are solely for facilitating arbitrage trades to be carried out by the Bridging Dealer for the purposes as mentioned in the section headed "Listings, Registration, Dealings and Settlement – Bridging Arrangements – Intended Arbitrage Activities during the Bridging Period" in this document;

(b) any Shares which may be made available to the Bridging Dealer under the Stock Borrowing and Lending Agreement shall be returned to China Lion not later than 13 Business Days after the expiry of the Bridging Period (being the 30-day period from and including the Listing Date), subject to there being no unforeseeable market circumstances and/or other circumstances beyond the reasonable control of the Bridging Dealer;

(c) the number of Shares to be sold by China Lion to the Bridging Dealer is 10,588,293 Shares, representing approximately 1% of our Shares in issue, and such Shares will be repurchased by China Lion not later than 13 Business Days following the expiry of the Bridging Period (being the 30-day period from and including the Listing Date);

(d) the Stock Borrowing and Lending Agreement and the Sale and Repurchase Agreement are in compliance with all applicable laws, rules and regulations;

(e) no payment will be made to China Lion by the Bridging Dealer in relation to the stock borrowing arrangements; and

(f) each of the Controlling Shareholders will comply with Rules 10.08 and 10.07(1)(a) of the Listing Rules save and except the disposal of Shares by China Lion pursuant to the Stock Borrowing and Lending Agreement and the Sale and Repurchase Agreement.

DEALINGS IN THE SHARES PRIOR TO LISTING

According to Rule 9.09(b) of the Listing Rules, there must be no dealing in the securities for which listing is sought by any Connected Person of the issuer from four clear Business Days before the expected hearing date until listing is granted (the "**Relevant Period**"). HSBC Trustee, a trustee of The Lowndes Foundation (a discretionary trust with Hsu Chi-Chien as settlor), indirectly holds

142,081,611 Shares, representing about 13.419% of the total issued share capital of our Company, through Sea-Sea Marine. HSBC Trustee is a Connected Person, and is subject to Rule 9.09(b) of the Listing Rules.

Mr. Hsu has no influence or control over the investment decision of HSBC Trustee (while not acting in its capacity as trustee of The Lowndes Foundation), and there may be Shareholders who currently hold less than 10% of the total issued share capital but who may acquire further Shares during the Relevant Period and become new substantial Shareholders (collectively the "**New Substantial Shareholders**"), and thus be subject to the restriction under Rule 9.09(b) of the Listing Rules. Other than the Controlling Shareholders and the Directors, our Company and our management have no influence or control over the investment decision of the Shareholders, and the New Substantial Shareholders and their respective associates, and the public investors.

Our Company has applied for, and the Stock Exchange has granted a waiver from strict compliance with the requirements under rule 9.09(b) of the Listing Rules in respect of any dealings in our Shares by the New Substantial Shareholders or their respective associates during the Relevant Period.

The Stock Exchange has granted the waiver subject to:

1. the New Substantial Shareholders and their respective associates have not been and will not be involved in the management and administration of our Group and in the floatation exercise for the Introduction;

2. other than the Controlling Shareholders and the Directors, our Company and our management have no influence or control over the investment decision of the Shareholders, the New Substantial Shareholders and their respective associates, and the public investors;

3. save for the disposal of Shares by China Lion as contemplated under the Sale and Repurchase Agreement and the Stock Borrowing and Lending Agreement, the Controlling Shareholders and the Directors together with the respective associates of the Controlling Shareholders and the Directors will not deal in our Shares during the Relevant Period;

4. our Company shall notify the Stock Exchange of any dealing or suspected dealing in our Shares by any Connected Persons of our Company during the Relevant Period of which it becomes aware;

5. our Company will release all price sensitive information to the public required by the relevant laws and regulations so that anyone who may deal in our Shares under this waiver will not possess any price sensitive information which has not been released to the public; and

6. our Company and the Sponsor undertakes that prior to the Listing, no non-public information will be disclosed to any Shareholder.

As at the Latest Practicable Date, our Company is not aware of any Connected Person which may not be able to comply with Rule 9.09(b) of the Listing Rules.

MANAGEMENT PRESENCE

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary listing on the Stock Exchange must have sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinary residents in Hong Kong. Currently, none of the executive Director is resident or based in Hong Kong. Our Group's business is to provide vessel chartering services in the waters around the Greater China region as well as Indonesia, Singapore, Korea, Vietnam, Cambodia, the Philippines and Russia. However, our operation is primarily managed and conducted in Taiwan and most of the Directors are and will continue to be based in Taiwan. In view of the difficulty for our Company to either relocate our current executive Directors to Hong Kong or to appoint an additional executive Director who is an ordinarily resident in Hong Kong, our Company has applied to the Stock Exchange for, and the Stock Exchange has granted a waiver from the strict compliance with the requirement under Rule 8.12 of the Listing Rules.

In order to ensure that effective communication is maintained between our Company and the Stock Exchange, our Company will implement the following measures:

(a) our Company has appointed and will continue to maintain two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our Company's principal communication channel with the Stock Exchange and will ensure that they comply with the Listing Rules at all times. The two authorised representatives are Wu Chao-Huan, our managing Director and executive Director and Hon Kwok Ping Lawrence, the director of finance and joint secretary of our Group. Hon Kwok Ping Lawrence is ordinarily resident in Hong Kong. Each of the authorised representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by telephone, facsimile or e-mail. Each of the two authorised representatives has been duly authorised to communicate on behalf of our Company with the Stock Exchange;

(b) both the authorised representatives have means to contact all members of the Board (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange may wish to contact the members of the Board for any matters. Our Company will implement a policy whereby (i) each Director will provide his mobile phone number, residential phone number, fax number and email address to the authorised representatives; (ii) all the Directors will provide valid phone numbers or other means of communication to the authorised representatives before he is travelling outside the ROC; and (iii) each Director will provide his mobile phone number, office phone number, fax number and e-mail address to the Stock Exchange;

(c) our Company has appointed a compliance adviser pursuant to Rule 3A.19 of the Listing Rules, who will have access at all times to the authorised representatives, the Directors and the senior management of our Company and will also act as our Company's communication channel with the Stock Exchange. Our Company has appointed Haitong International Capital as our compliance adviser;

(d) any meetings to be held between the Stock Exchange and our Company could be arranged through the authorised representatives or the compliance adviser, or directly with the Directors by a reasonable prior notice. Our Company will inform the Stock Exchange promptly in the event of any change of the authorised representatives or the compliance adviser in accordance with the Listing Rules; and

(e) all the Directors who are not ordinarily resident in Hong Kong have confirmed that they are holders of valid travel documents which allow them to visit Hong Kong and will be able to meet with the officers of the Stock Exchange within a reasonable period of time upon request.

QUALIFICATION OF COMPANY SECRETARY

Under Rule 8.17 of the Listing Rules, the company secretary of the issuer must be a person who is ordinarily resident in Hong Kong and has the requisite knowledge and experience to discharge the functions of the secretary of the issuer and who:

(a) is an ordinary member of The Hong Kong Institute of Chartered Secretaries, a solicitor or barrister as defined in the Legal Practitioners Ordinance or a professional accountant as required under Rule 8.17(2) of the Listing Rules; or

(b) is an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging those functions as required under Rule 8.17(3) of the Listing Rules.

The Company Secretary, Lee Pih Peng ("Miss Lee") is a practising advocate and solicitor in Singapore and is qualified to practise as a solicitor in England and Wales, and as an attorney-at-law in New York and ordinarily resident in Singapore. She does not possess the qualification required under Rule 8.17(2) of the Listing Rules, and hence Miss Lee does not meet the requirements under Rule 8.17(2) of the Listing Rules.

In this regard, our Group has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.17 of the Listing Rules for an initial period of three years from the Listing Date subject to the following conditions:

(a) our Company has appointed Hon Kwok Ping Lawrence, a professional accountant who possesses the professional qualifications required under 8.17(2) of the Listing Rules and is ordinarily resident in Hong Kong, as a joint company secretary of our Company to assist Miss Lee so as to enable her to acquire the relevant experience in order to discharge the duties of a company secretary under Rule 8.17(3) of the Listing Rules. This waiver will be revoked immediately when Hon Kwok Ping Lawrence ceases to be a joint company secretary of our Company to assist Miss Lee during such three-year period;

(b) in order to ensure effective communication between our Company and the Stock Exchange, our Company has appointed Hon Kwok Ping Lawrence and Wu Chao-Huan as authorised representatives of our Company, who will act as our principal communication channel with the Stock Exchange. Each of the authorised representatives will be available to meet with the Stock Exchange within a reasonable time frame upon request by the Stock Exchange and will be readily contactable by telephone or facsimile or email. Our Company has also appointed Haitong International Capital as the compliance adviser of our Company pursuant to Rule 3A.19 of the Listing Rules to act as our Company's additional communication channel with the Stock Exchange. The contact persons of the compliance adviser will provide their contact details to the Stock Exchange and will also be fully available to answer queries from the Stock Exchange; and

(c) upon the expiry of such three-year period as stated above, the Stock Exchange will re-visit the situation in the expectation that our Company should then be able to demonstrate to the Stock Exchange's satisfaction that, Miss Lee, having had the benefit of Hon Kwok Ping Lawrence's assistance for three years, would have acquired relevant experience within the meaning of Rule 8.17(3) such that a further waiver will not be necessary.

Each of Miss Lee and Hon Kwok Ping Lawrence has provided valid phone numbers and email addresses to the Stock Exchange and will inform the Stock Exchange promptly in the event of any change of means of communications.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT

This document contains particulars given in compliance with the Companies Ordinance, the SFO, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purpose of giving information to the public with regard to our Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries that, to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this document misleading.

The Introduction is made solely on the basis of the information contained and the representations made in this document. No person is authorised in connection with the Introduction to give any information or to make any representation not contained in this document, and any information or representation not contained herein must not be relied upon as having been authorised by us, the Sole Sponsor, any of their respective directors or affiliates of any of them or any other persons or parties involved in the Introduction.

This document is published in connection with the Introduction. It may not be used for any other purpose and, in particular, no person is authorised to use or reproduce this document or any part thereof in connection with any offering, or invitation to the offer, of our Shares or other securities of our Company. Accordingly, there is no, and will not be any, offer of or solicitation, or an invitation by or on behalf of our Company and the Sole Sponsor to subscribe for or purchase any of our Shares. Neither this document nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Introduction may be used for the purpose of making, and the delivery, distribution and availability of this document or such other document or information (or any part thereof) does not constitute, any offer of or solicitation or an invitation by or on behalf of our Company and the Sole Sponsor to subscribe for or purchase any of our Shares.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Application has been made to the Listing Committee for listing of, and permission to deal in, the Shares in issue and listed on the SGX-ST. Our Company's listings on both the Stock Exchange and SGX-ST will be dual primary listings. Consequently, unless otherwise agreed by the SGX-ST or, as the case may be, the Stock Exchange, our Company must comply with the Listing Rules and Listing Manual and any other relevant regulations and guidelines in Hong Kong and Singapore which are applicable to our Company. In the event where there is a conflict or inconsistency between the requirements of the listing rules of the two stock exchanges, the listing rules with the more onerous requirements shall prevail. Our Directors will use their best endeavours to ensure that no release of information will be made in Singapore unless a simultaneous release is made in Hong Kong and vice versa. Our Directors confirmed that our Company has been in compliance with relevant applicable laws and listing rules of Singapore since its listing on the SGX-ST. In addition, each of our Directors has confirmed that he has been in compliance with relevant applicable laws and listing rules of Singapore since the listing of the Company on the SGX-ST.

Save as disclosed herein, no part of our Shares or loan capital is listed or dealt in on the Main Board or on any other stock exchange and at present, no such listing or permission to deal is being or is proposed to be sought on the Main Board or any other stock exchange in the near future. The Introduction does not involve the offering of any new Shares or any other securities and no proceeds will be raised pursuant to the Introduction.

A circular was despatched by our Company on 9 May 2011 to our Shareholders and a special general meeting of our Company was held on 1 June 2011 whereby resolutions were passed for, *inter alia*, the approval of the Listing, the amendments of the Bye-laws to, among other things, comply with the requirements of the Listing Rules and the Listing Manual.

In order to ensure that new Share certificates are made available to Shareholders who may wish to remove their Shares from the Singapore share registrar to the Hong Kong branch registrar prior to our commencement of dealings on Friday, 24 June 2011 on the Stock Exchange, our Company has made special arrangements with both the Singapore share transfer agent and Hong Kong branch share registrar to expedite such removals. Details of these arrangements are set out in the section headed "Listings, Registration, Dealings and Settlement'' in this document.

CONSENT OF THE BERMUDA MONETARY AUTHORITY

The Bermuda Monetary Authority has given permission for the free transferability of the Shares to and between persons who are regarded as non-residents of Bermuda for exchange control purpose for so long as the Shares are listed on either the SGX-ST or any other appointed stock exchange (including the Stock Exchange).

HONG KONG SHARE REGISTER AND STAMP DUTY

Dealings in Shares registered on the branch register of members in Hong Kong will be subject to Hong Kong stamp duty. The current rate of stamp duty in Hong Kong is 0.2% of the consideration or, if higher, the market value of the Shares being sold or transferred.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of subscribing for, purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to, the Shares, you should consult an expert.

Our Company, the Directors, the Sole Sponsor, any of their respective directors, agents or advisers or any other persons or parties involved in the Introduction do not accept responsibility for any tax effects on or liabilities resulting from the purchase, holding, disposing of, dealing in, or the exercise of any rights in relation to, the Shares.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the approval for listing of, and permission to deal in, the Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading days. Investors should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

All activities under CCASS are subject to the CCASS Rules in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

CONDITIONS OF THE INTRODUCTION

The Introduction is subject to the fulfilment of the conditions that, amongst other things, the Listing Committee grants the listing of, and permission to deal in, on the Main Board, the Shares presently in issue and listed on the SGX-ST as well as the approval of the Shareholders of the resolutions relating to the proposed Listing and the adoption of the proposed amendments to the Bye-laws at its special general meeting held on 1 June 2011.

NO CHANGE IN THE NATURE OF OUR BUSINESS

No change in the nature of business of our Group is contemplated following the Introduction.

LANGUAGE

The English names of the PRC and Taiwan nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like are translations of their Chinese names and are included for identification purposes only. If there is any inconsistency, the Chinese name prevails.

ROUNDING

Certain amounts and percentage figures included in this document are subject to rounding adjustments. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Main Board are expected to commence 9:00 a.m. on Friday, 24 June 2011. Shares will be traded in board lots of 4,000 each.

DIRECTORS

Name	Address	Nationality
Managing Director		
Wu Chao-Huan	2F., No. 8, Lane 6, Xindong St. Songshan District, Taipei City 105, Taiwan	Taiwanese
Executive Director		
Chen Shin-Yung	3F., No. 7, Lane 53 Wuchang Street, Zhongshan District, Taipei City 104, Taiwan	Taiwanese
Chairman and Non-Executive Director		
Hsu Chih-Chien	No. 38-1, Aly. 36, Lane 80, Zhuangding Road, Shilin District, Taipei City 111, Taiwan	Taiwanese
Non-Executive Directors		
Sun Hsien-Long	4F., No. 20 Aly. 35, Lane 91, Sec. 1, Neihu Road, Neihu District, Taipei City 114, Taiwan	Taiwanese
Chang Shun-Chi	No. 2-5, Aly. 27, Lane 143, Jungong Road, Wenshan District, Taipei City 116, Taiwan	Taiwanese
Independent Non-Executive Directors		
Lui Chun Kin, Gary	House H1, Island View, 32 Hang Hau Wing Lung Road, Sai Kung, Kowloon, Hong Kong	Singaporean
Sin Boon Ann	BLK 329 River Valley Road, #05-02, Singapore 238361	Singaporean
Chu Wen Yuan	82 Telok Kurau Road, Singapore 423791	Singaporean

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Legal Advisers to the Sole Sponsor	*As to Hong Kong laws* **Chiu & Partners** 40/F, Jardine House, 1 Connaught Place, Central, Hong Kong
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Reporting accountants	**Deloitte Touche Tohmatsu** *Certified Public Accountants* 35/F One Pacific Place, 88 Queensway, Hong Kong
Property valuer	**RHL Appraisal Limited** Room 1010, Star House, Tsim Sha Tsui, Kowloon, Hong Kong

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Joint company secretaries	Lee Pih-Peng, advocate and solicitor (Singapore), solicitor (England and Wales) and attorney-at-law (New York) Hon Kwok Ping Lawrence, Fellow of HKICPA
Audit committee	Lui Chun Kin, Gary *(Chairman)* Chu Wen Yuan Sin Boon Ann
Remuneration committee	Chu Wen Yuan *(Chairman)* Hsu Chih-Chien Sin Boon Ann
Nomination committee	Sin Boon Ann *(Chairman)* Hsu Chih-Chien Lui Chun Kin, Gary
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Branch share registrar and transfer office in Hong Kong	Tricor Investor Services Limited 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong
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* *The content of the website does not form part of this document.*

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DRY BULK SHIPPING INDUSTRY OVERVIEW

In commercial shipping markets, cargoes are carried either in bulk form, within the hold of a vessel, or in non-bulk form, in standardised containers or cargo ships. The bulk shipping industry comprises the seaborne carriage of both dry bulk and liquid bulk cargoes.

Dry bulk cargoes can be further classified as major bulk cargoes or minor bulk cargoes, both of which are shipped in bulk form, although some minor bulk cargoes may alternatively be carried in non-bulk form or, if in bulk form, in vessels smaller than 10,000 dwt. The major bulk cargoes are comprised of iron ore, coal (steam and coking) and grains. The minor bulk cargoes include forest products, steel products, fertilizers, petroleum coke, bauxite, alumina, cement, other construction materials, a range of mineral ores and other agricultural products (e.g. rice, sugar or tapioca). The major bulk cargoes have historically contributed more than 50% (in terms of cargo volumes carried) of overall dry bulk cargoes shipped internationally.

Our Directors, based on their experience, understand that the dry bulk shipping industry is highly fragmented and competitive with numerous ship owners possessing different types of dry bulk vessels with varying capacities. Overall, each such ship owner accounts for only a small market share of the dry bulk shipping market.

As seen from the table below, world seaborne trade in dry bulk cargoes rose by an estimated 9.5% from 2009 volumes in 2010, growing to approximately 3.28 billion tonnes. Such growth was notably higher than the CAGR of 5.3% from 2005 to 2010. In terms of market share, iron ore (a key steel-making raw material) is the largest dry bulk commodity moved by sea, with such shipments estimated at 1.02 billion tonnes in 2010, or equivalent to approximately 31% of the total. In terms of relative importance, this was followed by coal (steam coal is primarily used to generate electricity, while coking coal is used to produce steel), which accounted for approximately 29% of the annual total, and then grain with an approximate 10% market share.

International Seaborne Dry Bulk Trade *(million tonnes)*

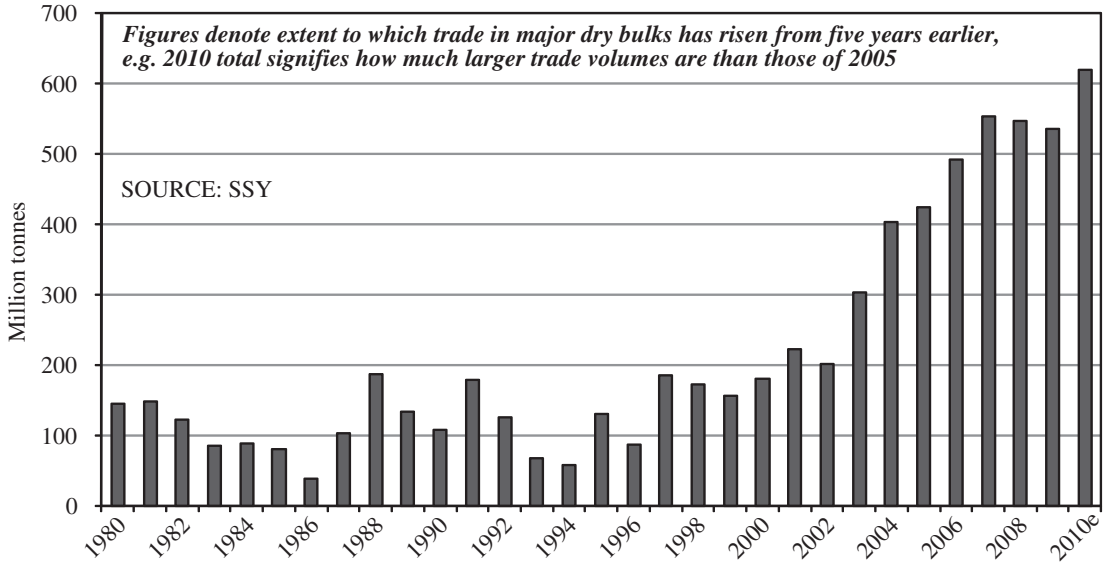
Type of Dry Bulk	Year 2005	Year 2006	Year 2007	Year 2008	Year 2009	Year 2010	2005-2010% Growth	2005-2010 CAGR
Major Bulks	**1,666**	**1,787**	**1,904**	**1,994**	**2,094**	**2,309**	**+39%**	**+6.7%**
Iron Ore	672	717	780	846	928	1,022	+52%	+8.7%
Coal	712	774	814	827	845	955	+34%	+6.0%
Grains*	282	296	310	321	321	332	+18%	+3.3%
Minor Bulks	**869**	**916**	**972**	**986**	**899**	**975**	**+12%**	**+2.4%**
Total	**2,535**	**2,703**	**2,876**	**2,980**	**2,993**	**3,284**	**+30%**	**+5.3%**

* *Wheat, coarse grains and soyabean/meal.*

WORLD DRY BULK CARGO TRADE

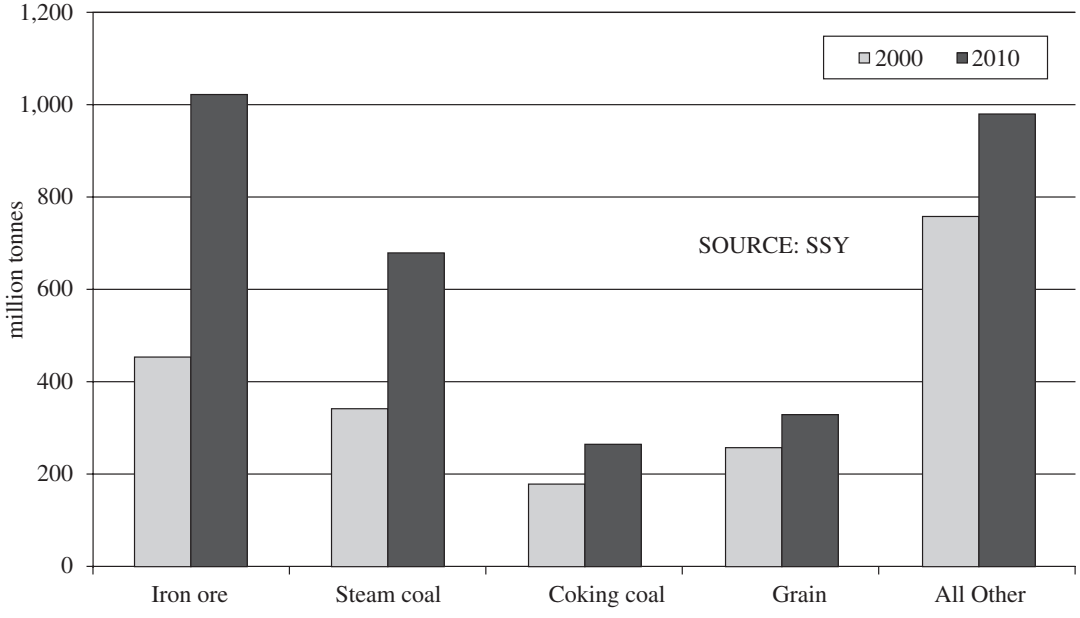
The graph below shows the five-year net growth in volumes for the major dry bulk trade between 1980 and 2010. It illustrates a re-acceleration in 2010 to over 600 million tonnes net growth compared to the figure of 2005. Much of this net growth in dry bulk trade since 2000 has led to greatly increased chartering demand and additional ship employment on long-haul iron ore and coal trades; this has been to the particular benefit of tonnage above 60,000 dwt, i.e. the Panamax (60,000 to 99,999 dwt), Capesize (100,000 to 219,999 dwt) and very large ore carrier ("VLOC") sectors (220,000 plus dwt). Fleet segments below 60,000 dwt have also benefited from overall growth in cargo movements in the past decade, as there is now a greater seaborne trade in cargoes such as steel products.

Five-Year Net Growth in the Major Dry Bulk Cargo Trades
(Iron Ore, Coal & Grain)



As is apparent from the following graph, the largest single source of net growth in seaborne dry bulk trade between 2000 and 2010 was iron ore, with shipments more than doubling from 453 million tonnes to 1,020 million tonnes – i.e. a net gain of 567 million tonnes (a 125% increase). Steam coal was the other principal source of trade growth, with seaborne shipments of such cargoes doubling, from 344 to 688 million tonnes, in the same period. By contrast, growth in trade of other dry bulk commodities, although positive, proved more modest in absolute terms.

Estimated Seaborne Dry Bulk Trade, 2000 & 2010



The key factors underpinning this net growth of seaborne dry bulk trade since 2000 are set out as follows:

- Buoyant global economic conditions for much of this period, leading to heightened demand for, and international trade in, the industrial raw materials and semi-manufactured goods (e.g. processed fertilizers, steel products) that are predominantly shipped in dry bulk carriers.

- Global population growth, plus increasing economic development of newly-industrialising nations – especially in the Asia-Pacific region and South America. From some 6.03 billion at the start of 2000, world population rose by around 17.1% to an estimated 7.07 billion by end-2010,[1] entailing greater demand for agricultural goods, as well as for primary energy sources (including steam coal) and some industrial products (e.g. construction materials).

- Progressive industrialisation and urbanisation of China and, to a lesser degree, India.[2] This has led to rapidly rising primary energy consumption (mainly of fossil fuels, including steam coal), plus far higher demand for steel and other construction materials (e.g. forest products). In China's case especially, this has had to be met by greatly increased imports of iron ore and coal; for example, whereas China imported just 70.0 million tonnes of iron ore in 2000, the corresponding figure was 619.0 million tonnes in 2010. Rapid industrialisation of China has, in part, been due to economic policy, as the PRC Government has invested heavily in infrastructure (e.g. new roads, railways and port facilities) to enhance industrial development and thereby boost employment.

- Expansion of cargo availability from various major loading areas for dry bulk commodities resulting from extensive investment in new production capacity (mainly iron ore and coal mines).

- Mounting regional imbalances in commodity supply and demand, as these have necessitated greater "balancing trades" to overcome shortages of particular industrial raw materials or agricultural products in certain countries. To an extent, some of these imbalances arose for specific grades of a given cargo, rather than reflecting absolute shortages or surpluses.

- The relatively easy availability of inexpensive credit facilities – at least until late 2008 and the subsequent imposition of far tighter bank lending policies worldwide. Such access to cheap credit made it far easier for companies to invest in the additional production capacity and new processing facilities noted above.

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1 Source: world population statistics at the US Census Bureau international database (http://sasweb.ssdcensus.gov).

2 The economic development of these two countries in particular has had a huge impact on overall dry bulk commodity demand and trade because a) in 2000, per capita consumption of many commodities in China and India was very low by the standards of mature industrialised economies and b) these are the two most populous countries in the world. China's population, at around 1.34 billion and that of India (currently some 1.19 billion) mean that, together, these two nations account for around 36% of the global total as at May 2011.

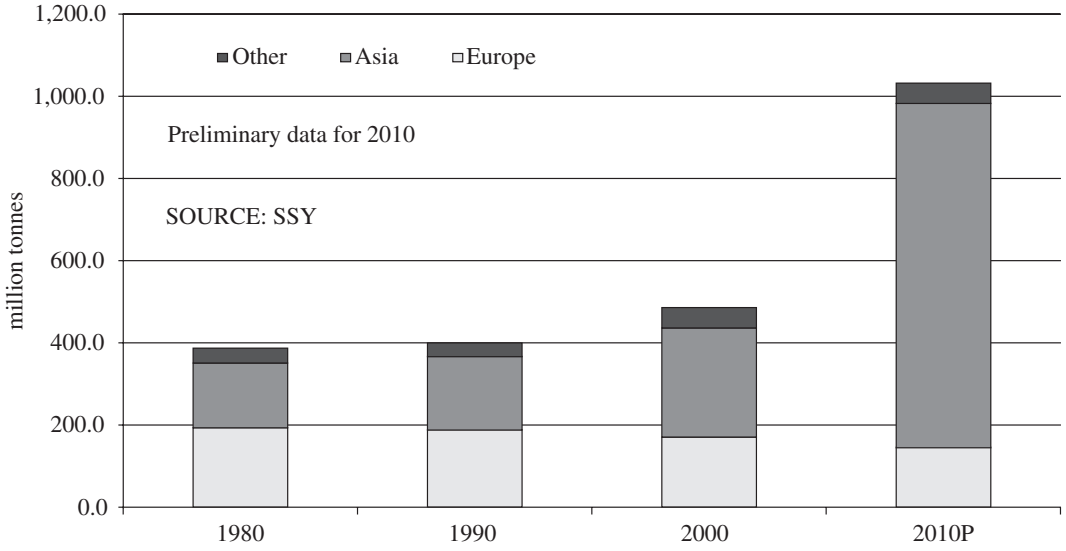
- New port developments and/or enlargement of existing port facilities. Together, these have boosted the effective handling capacity and cargo throughputs of various countries that are widely engaged in dry bulk export or import trades.[3] Such expansions have been encouraged by historically high commodity prices and logistical factors that have, at times, disrupted normal cargo loading or unloading activities in key dry bulk exporting and importing regions respectively. For example, periodic bouts have ensued of major port congestion at iron ore loading facilities in Western Australia and the coal export terminals of Australia's eastern states. Similar problems have become apparent both at Brazil's iron ore loading ports and at some large dry bulk import facilities in China. This has led to large reductions in the availability of large bulk carriers for prompt loading, so tightening tonnage supply/demand conditions, especially in the Panamax and Capesize sectors. In 2010, SSY estimates that the average waiting time to berth at East Australia's coal ports was 15.4 days, compared with just 3 days in 2002.

ASIA DRY BULK CARGO TRADE

In the past 30 years, progressive changes have taken place in established patterns of world seaborne trade, not just for dry bulk commodities, but also for cargoes carried by other main vessel types (e.g. oil and manufactured goods). This has primarily arisen from the rapid pace of economic development in the Asia-Pacific region, which has, in turn, led to far greater imports of industrial raw materials (e.g. iron ore) and large-scale expansion of its exports of manufactured goods. In the 1970s, only Japan was a major generator of dry bulk tonnage demand within Asia, being followed in the 1980s by South Korea as that country industrialised. Yet, within the past decade, China and India have become significant importers of various commodities – a trend that is poised to continue in years ahead. By contrast, for cargoes such as iron ore, some importing regions (e.g. Europe) have seen their relative share of total trade decline in the past ten years, as evident from the graph below.

[3] Such port expansions were a factor, for example, in the growth of Australian iron ore exports from 165.2 million tonnes in 2000 to an estimated 420.9 million tonnes in 2010 – an increase of 255.7 million tonnes (+154.8%) in a 10-year period. In the same period, exports of iron ore from Brazil also rose, growing by an estimated 146.6 million tonnes (a 91.6% increase), to 306.7 million tonnes.

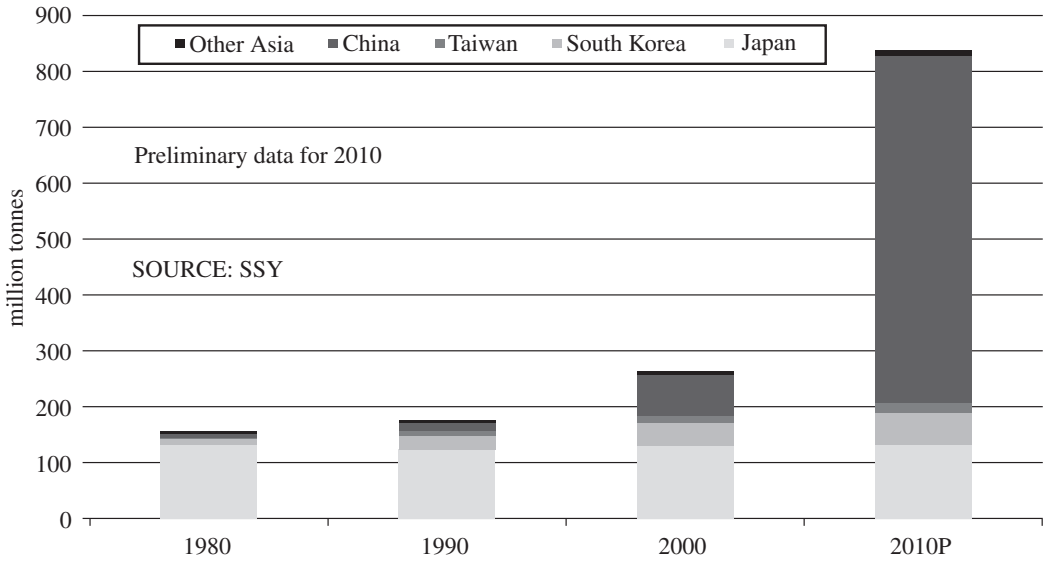
Iron Ore Imports By Region



As also apparent from the graph above, total iron ore imports by Asia grew only very marginally in the 1980s, amid predominantly stagnant global economic conditions for much of that decade. Yet such trades then expanded more rapidly in the 1990s, owing not only to a stronger world economy, but also some migration of heavy industry to lower-cost locations in the newly-industrialising nations. This trend gathered pace in the ten years after 2000, causing the share of world seaborne iron ore trade accounted for by Asia's imports to reach 80.8% in 2010 (based on preliminary data). This compares with a 54.5% share in 2000.

Rapid growth of iron ore trades in Asia in the past decade has been largely due to greater shipments to China especially; as noted earlier, these surged from 70.0 million tonnes in 2000 to 619 million tonnes in 2010, according to Chinese customs data. In the process, the share of world iron ore trade accounted for by imports by China alone soared from 14.4% in the former year to a provisional 60.6% ten years later. Yet, by contrast, as seen in the graph below, shipments to other Asian destinations changed to a far lesser degree. These rose from an estimated 195 million tonnes in 2000 to 218 million tonnes in 2010, i.e. growth of approximately 12%.

Asia: Iron Ore Imports by Year



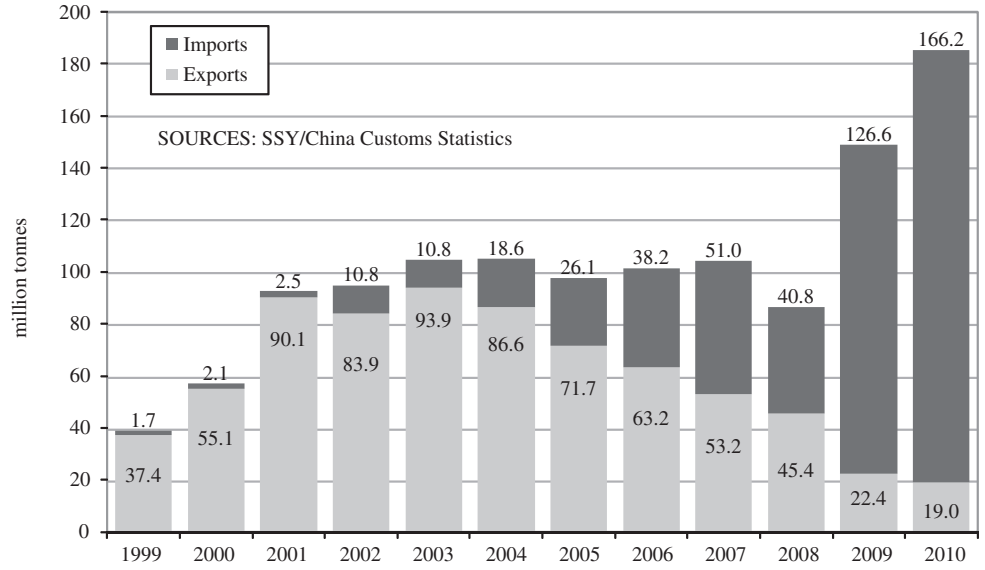
CHINA DRY BULK TRADE

Dry Bulk Cargoes Imported into China

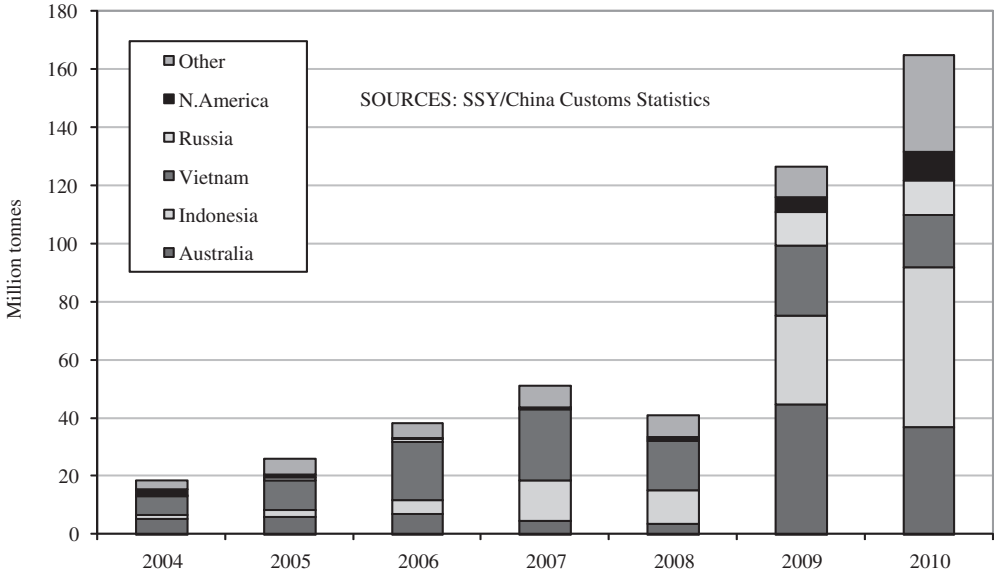
Of all the various factors that have contributed to the expansion of global seaborne dry bulk trade in the past decade, the single largest has been vast growth in China's imports. Imports of the commodities for which comprehensive and timely trade data are available soared from just 130 million tonnes in 2000 to 966 million tonnes 10 years later; this is equivalent to average growth of over 22% per annum over this period. By far the largest source of this growth has been vastly increased imports of iron ore, which have risen almost nine-fold since 2000 to account for approximately 60% of world seaborne iron ore trade in 2010. In the past two years especially, substantial increases have also taken place in China's imports of steam coal (which grew from 34 million tonnes in 2008 to 119 million tonnes in 2010) and soyabeans (which rose from 37 million tonnes in 2008 to 55 million tonnes in 2010).

Although, in absolute terms, China's imports of iron ore have increased more rapidly in recent years than those of any other major commodity shipped in bulk form, growth of China's coal imports has also been significant. As recently as 2000, such shipments to China accounted for only a miniscule proportion of global coal trade. Then, the country imported just 2.1 million tonnes of coal (steam and coking). Yet rapid industrialisation has subsequently led to a surge in China's demand for imported coal (both for electricity generation and use in steel production), despite China's status as the world's largest coal producer. Volumes received in 2010 were 166.2 million tonnes, according to customs data, comprising 119.0 million tonnes of steam coal (including anthracite) and 47.3 million tonnes of coking coal. One reason for the huge increases in China's imports in recent years has been the high cost associated with transporting domestically-mined coal long distances by land to some parts of the country that are far from where it is produced. Such locations can, in many cases, purchase foreign coal that is shipped to nearby import facilities at lower delivered prices than those at which domestic supplies could be acquired.

China's Coal Imports & Exports



China: Total Coal Imports by Source



China: Coal Imports by Source

Year:	Australia	Indonesia	Vietnam	Russia	N.America	Other	Total
2004	5.4	1.3	6.2	0.6	1.8	3.3	18.6
2005	5.9	2.4	10.2	0.9	1.2	5.5	26.1
2006	6.9	4.9	20.1	1.0	0.2	5.1	38.2
2007	4.5	14.0	24.6	0.3	0.2	7.4	51.0
2008	3.5	11.6	16.9	0.8	0.6	7.6	41.0
2009	44.6	30.5	24.1	11.8	4.9	10.7	126.6
2010	37.0	56.3	18.0	11.6	10.0	33.2	166.2

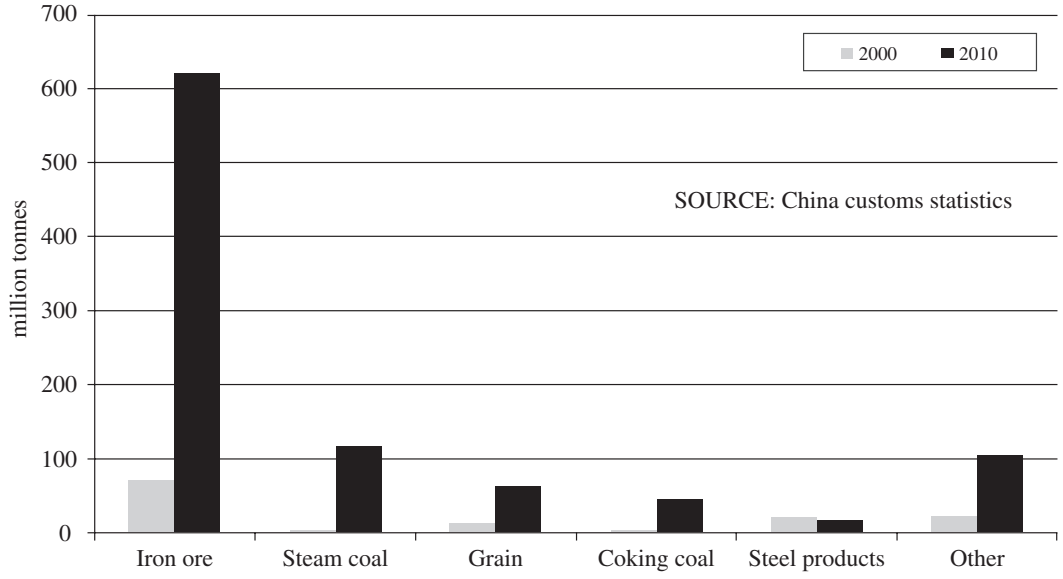
Figures in million tonnes. *SOURCES: SSY/China Customs Statistics*

In terms of shipping demand, this sharp surge in China's coal imports has had a positive effect on dry bulk carrier employment. Not only has there been a 43.4 million tonnes (+374%) jump in imports from Indonesia in the last two years, to 56.3 million tonnes in 2010, but China has also forced to import growing volumes of steam and coking coal from longer haul suppliers, so adding to tonne-mile employment - especially for Panamax and Capesize tonnage. For example, from just 3.5 million tonnes in 2005, China's total imports of Australian coal (steam and coking) surged to 37.0 million tonnes two years later. The past year has also seen the emergence of a new Capesize trade, as China imported Colombian coal for the first time.

China's heightened demand for coal has had a further, indirect, positive impact on bulk carrier demand; this has been because, by leading to lower coal exports from China (as greater volumes of domestically-produced supplies have been diverted to the home market), this has forced those countries that previously purchased Chinese coal (e.g. Japan and South Korea) to buy from other producers instead. Given the limited availability of additional supplies from short-haul sources, this has similarly boosted longer-haul shipments into the Far East Asia region from such producers as Australia. For example, in 2003 Japan imported 30.7 million tonnes of Chinese coal (coking and steam), with this declining to just 6.4 million tonnes by 2010. In the same period, Japanese imports of coal from Australia grew from 94.4 million tonnes to 117.5 million tonnes.

Chinese import growth moderated in 2010 after the dramatic iron ore-led increase in 2009, when a record expansion in Chinese import demand offset a collapse in import requirements by the mature industrialised economies. Chinese growth in 2009 was boosted by a stimulus package introduced by the national government that promoted fresh investment in infrastructure plus increased import substitution of key raw materials. Although China's annual iron ore imports slipped in 2010, this was at least partly due to increased competition for cargoes from the recovering steel industries of Japan and Europe, and by the final quarter of 2010 China's iron ore imports were again showing positive year-on-year growth.

China: Dry Bulk Imports by Type, 2000 & 2010



Chinese Dry Bulk Imports by Main Cargo Category *(Million Tonnes)*

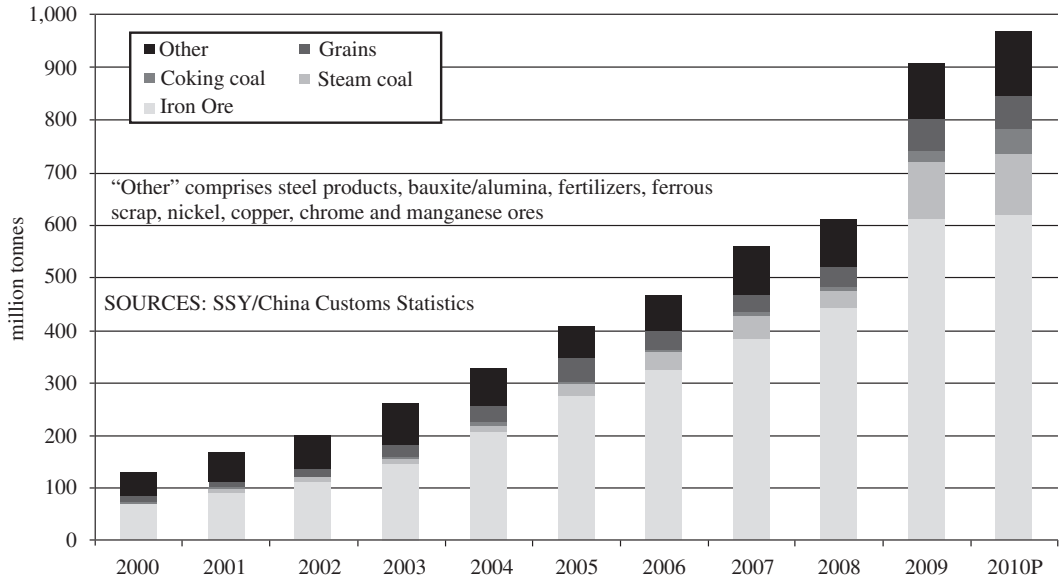
	Year						
Main Cargo Category	**2000**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Iron Ore	70	275	326	384	444	628	619
Steam Coal	2	19	34	45	34	92	119
Coking Coal	1	7	5	6	7	35	47
Grains (excl. soya)	3	6	4	2	2	6	7
Soya (beans & meal)	10	27	28	31	37	43	55
Steel Products	21	27	19	17	16	22	17
Fertiliser	12	14	11	12	6	4	7
Other Ores/Scrap*	11	32	39	65	66	78	95
Total of above	**130**	**407**	**466**	**562**	**612**	**908**	**966**

* *Alumina, bauxite, manganese ore, copper ore, chrome ore, nickel ore and ferrous scrap.*

Source: Chinese Customs Statistics Monthly

However, this table understates the contribution made by Chinese trade to ship demand due to the omission of domestic seaborne trade and, in particular, coal. Coastal coal movements from the mining areas of the North to the coal-fired power stations of South East China have also generated extra vessel demand. Data for the country's major coal ports indicate that this domestic trade totalled over 500 million tonnes in 2010, compared with approximately 300 million tonnes in 2005.

China: Annual Dry Bulk Imports by Cargo Type



Reasons for the rapid expansion of China's dry bulk imports since 2000 have included:

- Changes in economic and political policy, in particular the forging of closer links with the outside world. This has included the promotion of trade with such countries as Venezuela and Brazil, which have become key suppliers of such commodities as iron ore to the Chinese economy.

- Massive growth in the country's industrial sector, partly via extensive investment in new production capacity (e.g. power stations, factories and blast furnaces). For example, China's steel output grew almost four-fold between 2000 and 2010, increasing from 128.5 million tonnes to an estimated 626.5 million tonnes.

- Large-scale migration of much of the Chinese population from rural areas to urban locations; this has necessitated extensive investment in infrastructure (especially roads and rail), as well as construction of additional housing, office buildings, power stations and industrial plants.

- Rising standards of living, which have enabled a higher portion of the Chinese population to buy manufactured goods produced by the nation's industrial sector, using imported fossil fuels and steel-making raw materials. These have also enabled more Chinese citizens to consume processed foods, partly produced from imported soya.

- Import substitution with, for example, China's reliance on domestically produced iron ore being reduced in favour of higher quality imported ores.

Dry Bulk Cargoes Exported from China

Apart from its dramatically increased imports of dry bulk commodities in the past decade, China is also a source of export cargoes that generates tonnage demand – mainly for dry bulk vessels of up to Panamax size. This is despite the enormous growth that has taken place in the country's domestic demand for various industrial raw materials and fossil fuels. The sheer size of China is such that, at times, it is more economically efficient to import certain commodities from external sources and to export domestically-produced supplies of the same product, rather than incur the cost of transporting such cargoes large distances by land. Thus, despite importing an estimated 166 million tonnes of coal (steam and coking) in 2010, the country also exported some 19 million tonnes to overseas markets. As the table below illustrates, the past five years have witnessed a decline in China's annual coal exports, due primarily to the expansion of domestic markets. As noted earlier, however, this has been largely a positive development for dry bulk ship demand as previous importers of Chinese coal in Japan and South Korea have been forced to source alternative supplies from longer-haul sources.

Other notable dry bulk exports shipped from China in recent years have included steel products and cement. Here, too, volumes in 2010 were below their previous peaks.

Chinese Dry Bulk Exports by Main Cargo Category *(Million Tonnes)*

	Year						
Main Cargo Category	**2000**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Steam Coal	14	66	59	51	42	22	18
Coking Coal	7	5	4	3	4	1	1
Coke	15	13	15	15	12	1	3
Steel Products	11	28	52	69	61	25	43
Cement	6	22	36	33	26	16	16
Total of Above	**53**	**134**	**166**	**171**	**145**	**65**	**81**

Source: Chinese Customs Statistics Monthly

OVERALL TRENDS IN DRY BULK CARRIER SUPPLY

Dry Bulk Carrier Fleet

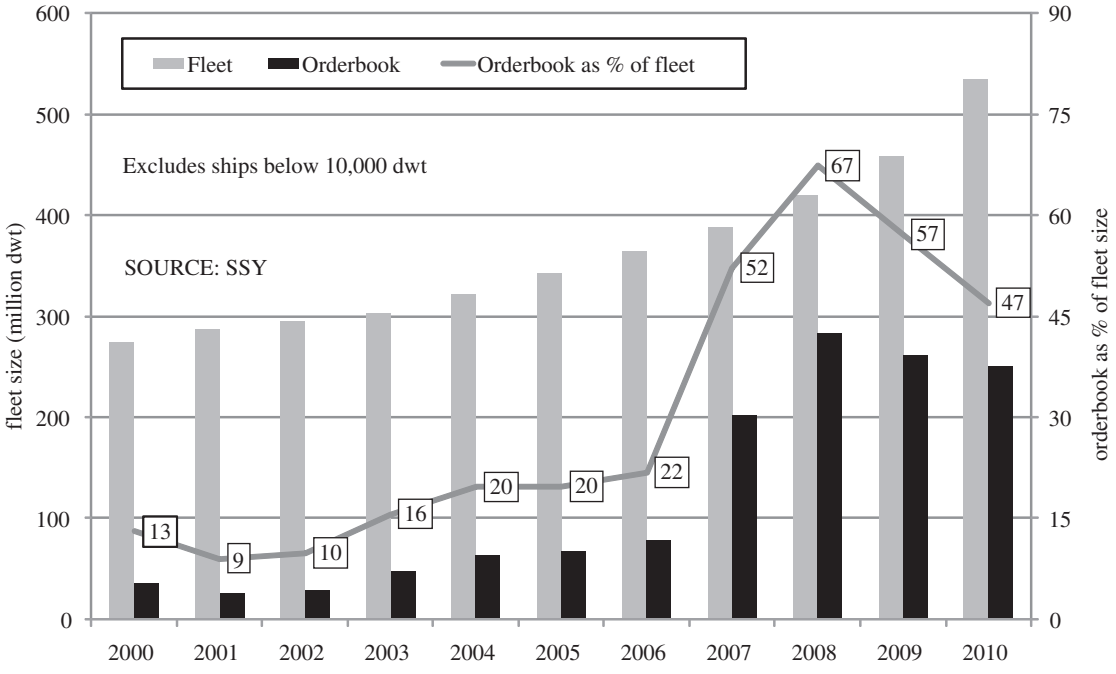
Predominantly firm tonnage demand for dry bulk carriers for most of the period since 2003 has led in recent years to large-scale ordering of new tonnage, below-average volumes of fleet removals (via scrapping, conversion to other ship types or casualty) and hence progressive net expansion of the fleet. From 294.3 million dwt at end-2002, dry bulk carrier supply (excluding vessels below 10,000 dwt which, generally, do not operate on deep-sea international trades) grew to an estimated 534.5 million dwt by end-2010; this represented expansion of 81.6%, or an average of more than 7.7% p.a. over the eight-year period.

Dry Bulk Carrier Fleet: Size & Age Analysis as at end-December 2010

		Existing fleet			Orderbook		
Segment	Size range (dwt):	No. of Ships	Mdwt	Average age (years)	No. of Ships	Mdwt	% of fleet dwt
Handysize	10,000-39,999	2,895	79.5	17	718	23.0	28.9
Handymax/ Supramax	40,000-59,999	2,136	107.7	10	744	41.8	38.8
Panamax	60,000-99,999	1,815	136.4	11	868	70.4	51.6
Capesize	100,000-219,999	1,060	180.5	9	505	86.4	47.9
VLOC	220,000+	112	30.4	12	91	29.3	96.1
Total		**8,018**	**534.5**	**13**	**2,926**	**250.8**	**46.9**

Source: SSY

Development of Dry Bulk Carrier Fleet & Orderbook
(end-year figures)



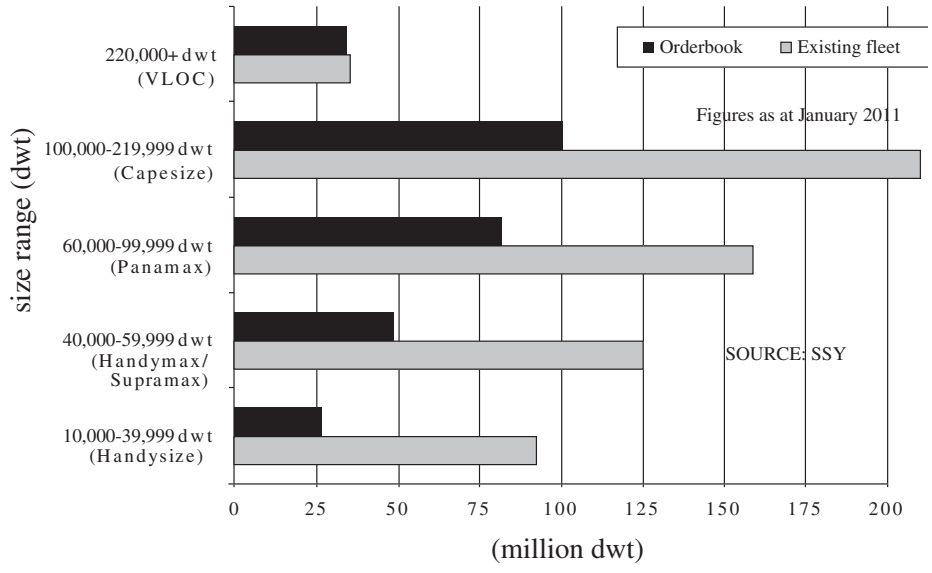
Apart from increased deliveries of newbuildings, growth of tonnage supply has been compounded by the arrival within the fleet of many ships that had undergone conversion from oil tankers to dry bulk carriers. This followed from international regulations that required oil tankers to be of double-hull design and prohibited the use of single-hulled tankers on most major trade routes. For most of these ships, compliance with such rules was due by end-2010. Provisional SSY fleet data indicate that, in the years 2008 to 2010 inclusive, 111 former tankers totalling 19.1 million dwt underwent

conversion and duly entered the dry bulk fleet.[4] With only limited numbers of single-hull vessels remaining in the tanker fleet, conversions into the dry bulk sector are likely to moderate significantly from the levels seen in 2008 to 2010 inclusive.

At end-2010, the dry bulk carrier fleet (excluding ships below 10,000 dwt) comprised 8,018 vessels of 534.5 million dwt. At 2,926 units totalling 250.8 million dwt, tonnage on order equated in cargo-carrying terms to 46.9% of existing ship supply. This was far higher than the long-term historical average, reflecting the very concerted contracting of dry bulk carriers that had taken place in the two years before the global recession set in, and the renewed ordering activity involving this ship type in 2010. The latter was largely in response to the reductions that had taken place in newbuilding prices from their pre-recession peaks of 2008.[5]

Although the orderbook equated to approximately 47% of the existing fleet in tonnage terms, this overall figure conceals large differences in the relative volumes of tonnage on order in respective size segments of the fleet. As apparent from the graph below, a very high volume of VLOC tonnage was on order at end-2010, with this equating to 96.1% of tonnage already in existence at that time. By contrast, for Handysizes, the end-2010 orderbook was equivalent to only 28.9% of the existing fleet in deadweight terms. Furthermore, as will be explained later, the average age profile of Handysizes is far older than that of other size segments of the bulk carrier fleet. This implies that future deliveries to that size sector may be offset in the next few years, at least to some degree, by noteworthy removals of older vessels via demolition.

Dry Bulk Carriers: Existing Fleet & Orderbook by Size Range



[4] This compared with the delivery into service of 1,833 dry bulk carrier newbuildings of 145.6 million dwt in the same period.

[5] For example, in September 2008, just before the global recession set in, the typical contract price of a Panamax bulk carrier ordered from Japanese shipbuilders was estimated to be around US$56 million; within 15 months, the price had fallen to some US$34 million – a decline of 39% - and scarcely rallied from this level throughout 2010.

A large orderbook, relative to existing fleet size, would imply substantial volumes of new ship deliveries in years ahead and, unless accompanied by significant scrapping of older units, notable net growth in tonnage supply. However, since the international credit crisis of 2008 and the ensuing world economic downturn, the situation regarding future vessel supply has become less certain. This has been due primarily to two factors, namely:

- The cancellation of many newbuilding contracts that had been placed before the recession began. SSY data indicate that, from 1 October 2008 to end 2010, orders for 649 bulk carriers of 52.8 million dwt (excluding ships below 10,000 dwt) were cancelled.[6]

- Noteworthy slippage of newbuilding deliveries from reported delivery dates.[7] For example, at 1 January 2010, the orderbook indicated that 117.4 million dwt of new bulk carriers were due for delivery in 2010; SSY's preliminary estimate for actual deliveries last year put the total at 78.5 million dwt. This would imply that 38.9 million dwt of dry bulk tonnage that was due to have joined the fleet during 2010 failed to do so, which equates to a non-delivery rate of 33%. Large-scale slippage from reported delivery dates had also taken place in 2009 and can be partly explained by the large number of dry bulk carriers that have been ordered in recent years from shipyards that are recent entrants to the newbuilding sector. Many of these have struggled to fulfil their construction commitments, due to such factors as shortages of suitably qualified labour, problems obtaining credit and/or delays to the completion of their shipbuilding facilities. To an extent, slippage has also been partly due to pressure on supply of key equipment used in building new vessels (e.g. ships' engines); this has been the result of exceptionally high volumes of world shipbuilding activity involving all main commercial vessel types.

Extensive slippage in new ship completions has meant that, despite being extremely high by historical standards, new bulk carrier deliveries in both 2009 and 2010 were far lower than had originally been scheduled. Accordingly, net fleet growth was considerably smaller than if such slippage and/or cancellation of some ships on order had not taken place. Current indications are that slippage will remain a feature of global shipbuilding markets in the next few years, implying that actual additions to the dry bulk fleet could fall well short of the volumes suggested by the end-2010 orderbook.

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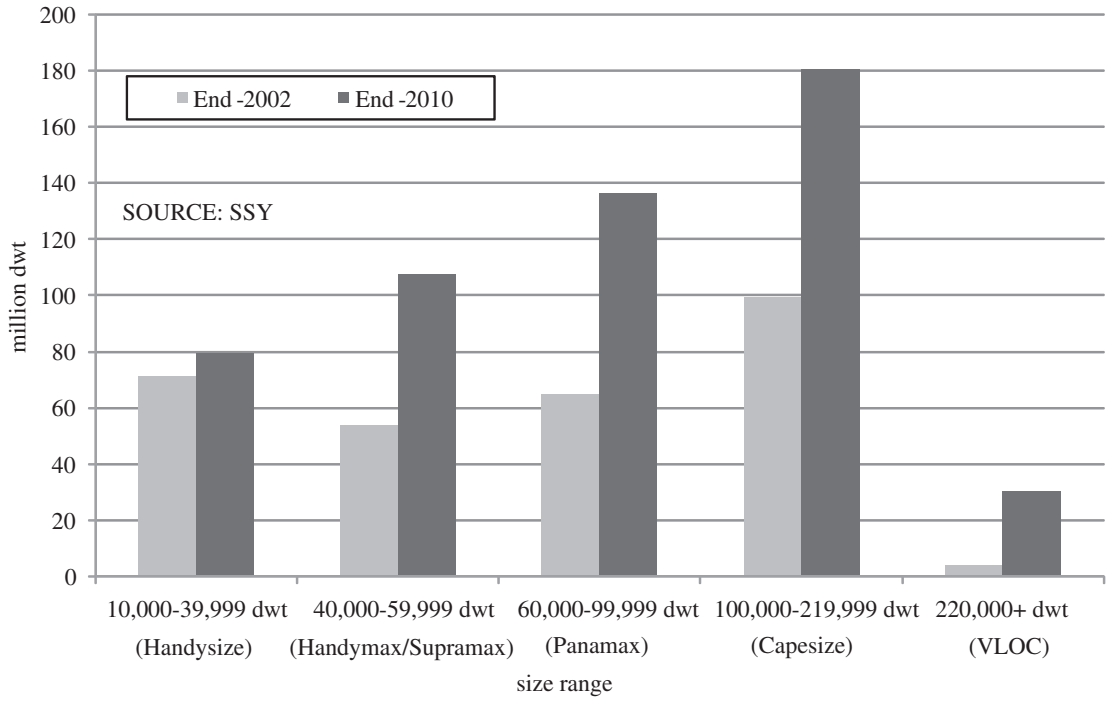
6 Of these cancelled contracts, 232 were for Handysize units, 155 for Handymaxes/Supramaxes, 114 for Panamaxes, 135 for Capesizes and 13 for VLOCs.

7 Slippage is defined as the difference between a vessel's expected delivery date (as reported at the time that a newbuilding order is placed) and the actual date that the ship is handed over to her owners. Such a difference can arise for a variety of reasons, ranging from a yard's failure to fulfil its intended completion schedule to the deliberate renegotiation by a shipowner of a later handover date from the shipyard at which she is built, in response to prevailing freight market conditions. On a collective basis, slippage in the course of a calendar year equates to the difference between the volume of tonnage due to have been delivered (based on the portion of the 1 January orderbook scheduled to have been delivered that year) and what actually enters service.

Fleet Size/Age Structure

Dry bulk carrier supply growth in recent years has been centred on the Capesize, Panamax and Handymax/Supramax sectors; these fleets increased in net terms by 81.1 million dwt, 71.4 million dwt and 53.6 million dwt respectively between the end of 2002 and 2010. By comparison, expansion of the VLOC and Handysize fleets has been far more modest in absolute terms, as seen in the graph below.

Dry Bulk Carrier Fleet by Size Range

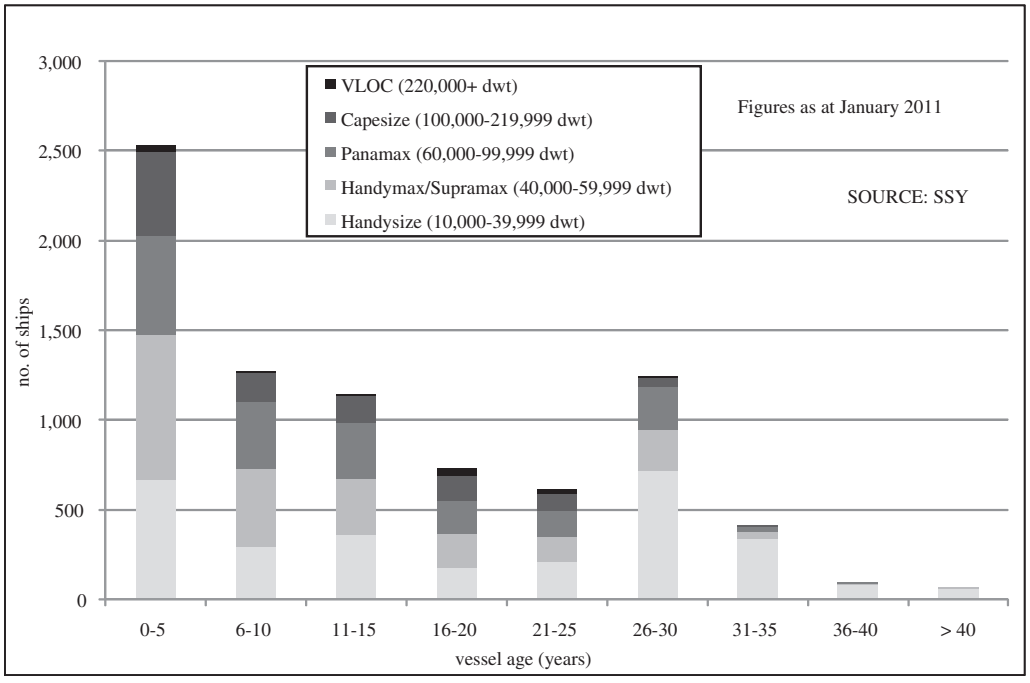


As a result, the share of the total dry bulk carrier fleet, in dwt terms, accounted for by the 10,000 to 39,999 dwt Handysize sector declined to 14.9% at the end of 2010 from 24.4% at the end of 2002. Nevertheless, in terms of vessel numbers, the Handysize fleet remains the largest, with 2,895 ships. When combined with the Handymax/Supramax segment (of 40,000 to 59,999 dwt), the sub-Panamax sizes equate to almost 63% of all vessels in the dry bulk carrier fleet. This is despite a long-term trend towards larger average ship sizes over time – itself a function of the growth in long-haul dry bulk cargo movements, which favour use of large vessels, due to the economies of scale that

these can offer. The sub-60,000 dwt ships are usually equipped with cargo-handling gear (cranes or derricks) and are widely used on routes to and from draft-restricted ports that cannot accommodate larger vessels. Handysizes are used to transport a range of "minor bulks" with their cargo-handling gear making them well suited to deployment to trades involving industrialising economies with less developed port handling facilities.

Extensive construction of new dry bulk carriers since around 2004 means that the fleet now contains many vessels that are very modern. The age distribution of the fleet is not uniform across all ship size groups, however, with a far higher concentration of older units in the Handysize sector. At end-2010, some 41% of the ships in this size range were above 25 years' age; the comparable proportions for other size groups were 13% for Handymax/Supramax units, 15% for Panamaxes, 6% for Capesizes and just 1% for VLOCs.

Dry Bulk Carrier Fleet by Size & Age Group



DRY BULK CARRIER FREIGHT MARKET DEVELOPMENTS

Baltic Dry Index

The Baltic Dry Index (the "BDI" – previously called the Baltic Freight Index, or "BFI") is the most widely used indicator of overall conditions in dry bulk shipping markets; it has been produced on a daily basis by the Baltic Exchange since September 1986.[8] Prior to the 2008 international credit crisis and the ensuing onset of world recession, the Index had reached new record levels, before undergoing steep declines in the fourth quarter of that year. For much of 2009, the Baltic Dry Index continued to trade at levels well below those that had prevailed before the global downturn, although some rally ensued from the severely depressed levels at which it had ended 2008. This partial recovery reflected a gradual pick up in cargo demand and volumes of seaborne dry bulk trade, which accelerated into 2010. Record dry bulk cargo movements, in turn, put renewed pressure on port facilities with increased congestion as a result. Tightness in raw material markets also ensured increased long-haul coal and grain movements from the Atlantic to the Pacific, which increased tonne-mile ship demand and also led to a more inefficient use of the fleet through greater ballasting of vessels.

Despite record net fleet growth in 2010, the BDI's annual average of 2,758 was 5.4% higher than the corresponding 2009 level. Average annual earnings rose for Handysize, Handymax/Supramax and Panamax vessels, but the Capesize sector saw an annual decline.

The opening months of 2011 have seen the freight market come under renewed downward pressure due to a series of disruptions to export cargo supply against a background of continued growth in fleet supply through record newbuilding deliveries. These cargo supply disruptions included:

(i) Severe flooding in Queensland (Australia) – the world's leading exporter of coking coal. The flooding led to the closure of a major coal rail network serving Gladstone late in December 2010, thereby impeding deliveries to that port, which has an export capacity of 75 million tonnes per annum. Significant reductions in cargo deliveries to other ports in Queensland such as Dalrymple Bay and Hay Point also ensued, as flooding prevented normal operation of rail services to these export outlets. Australian trade data showed that the country's coking coal exports fell by 12.6 million tonnes between fourth quarter 2010 and first quarter 2011, from 40.0 to 27.4 million tonnes. This was accompanied by a 7.5 million tonne decline in Australia's steam coal exports in the same period, from 37.9 to 30.4 million tonnes. The reductions in cargo supply that these problems entailed led to corresponding declines in chartering activity, to the detriment of ship demand and charter earnings.

[8] The Baltic Dry Index is just one of the daily indices published by the Baltic Exchange to demonstrate changes in freight market conditions for dry bulk carriers. Separate indicators are currently produced that relate specifically to the Handysize, Handymax/Supramax, Panamax and Capesize fleet sectors, all of which have moved in broadly similar patterns in recent years.

(ii) Reduced iron ore exports from Western Australia and Brazil. These followed from seasonal cyclones in the former and bad weather in the latter respectively, both of which occurred at a time of an export ban on iron ore supplies from the Indian state of Karnataka.

(iii) The major earthquake and tsunami that struck Japan on 11 March had far-reaching consequences for the dry bulk freight market, both in the short and longer term. Serious damage to various industrial plants, coal-fired power stations and import terminals all contributed to a dislocation of normal dry bulk trades into Japan. In particular, force majeure was declared by several companies on cargoes of iron ore and coal that had been due for shipment into ports that had been badly damaged by the earthquake and/or tsunami. The problems facing Japanese industry were compounded by widespread shortfalls in electricity supply as nuclear power stations were taken offline to undergo safety checks and as coal-fired power stations awaited fresh deliveries of coal stocks that had been swept away when the tsunami struck. From 1,562 points on 11 March, the BDI fell to 1,250 points by 26 April, or a decline of 20% in under seven weeks. As an illustration of the impact of the disaster on vessel demand and ship earnings, trip charter rates for Pacific round voyages fell from US$16,783/day on 11 March to US$8,735/day on 26 April and, at time of writing, remain well below pre-earthquake levels.

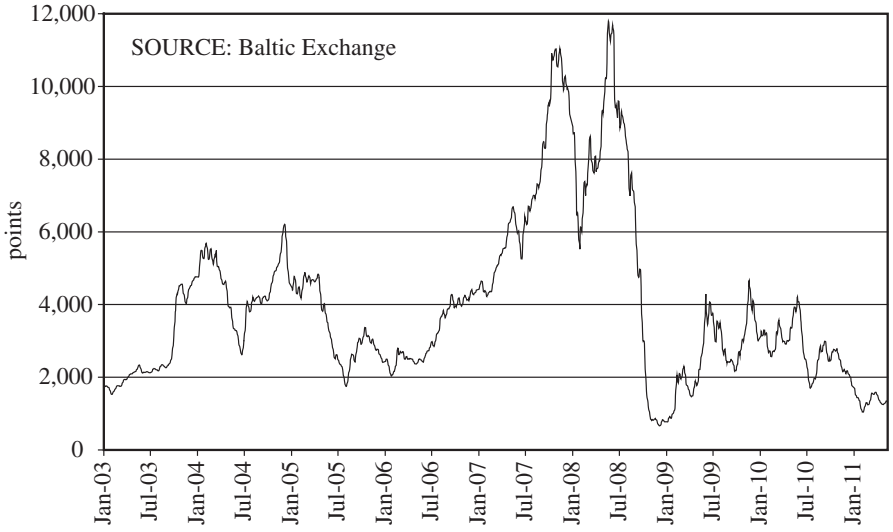
Longer term, the earthquake and tsunami are likely to have a profound effect on Japan's energy policy, with the role of nuclear power likely to be significantly downgraded, resulting in heightened reliance on fossil fuel imports, although extensive investment in new plant and port facilities would be needed to accommodate such a change.

The above disruptions, which collectively caused dry bulk exports to decline substantially from late 2010 volumes, led to lower demand for dry bulk carriers, thereby creating excess tonnage supply in the global dry bulk freight market. Furthermore, this did so at a time of rapid net fleet growth, amid very high volumes of bulk carrier newbuilding deliveries by historical standards. Although these disruptions to cargo supply from various loading areas have moderated as 2011 has progressed, volumes of newbuilding deliveries have remained very buoyant, thereby applying further downward pressure on freight rates for this vessel type – especially for very large ships.

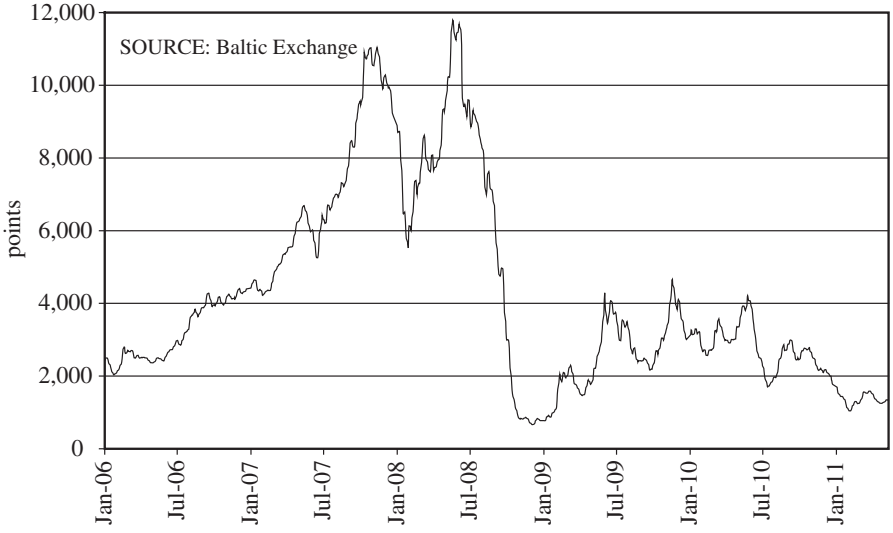
As our Company's fleet mainly operates on short-haul routes within the waters around the Greater China region, Indonesia, Singapore, Korea, Vietnam and the Philippines, rather than from those countries from which cargo supply was badly disrupted in the early months of 2011, the impact of these dislocations to normal vessel loading activities on our Company's operations proved rather indirect. However, the increased competition that resulted as ships that usually operated from the affected countries sought alternative employment would have impacted on the freight rates commanded by our Company's vessels and the utilization of our fleet, thus adversely influencing our financial return in doing so.

The above mentioned disruptions have compounded the effects of record newbuilding deliveries. As the accompanying charts shows, the Capesize sector has been worst affected, while Handysize vessels have shown the greatest resistance to decline due to their greater trading flexibility and slower-than-average fleet supply growth.

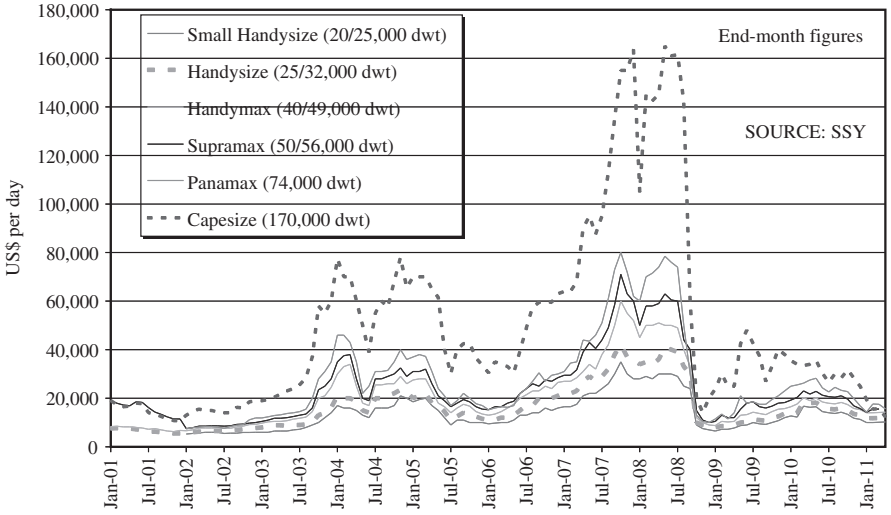
Daily Baltic Exchange Dry Index
From 3 Jan 2003 to 12 May 2011



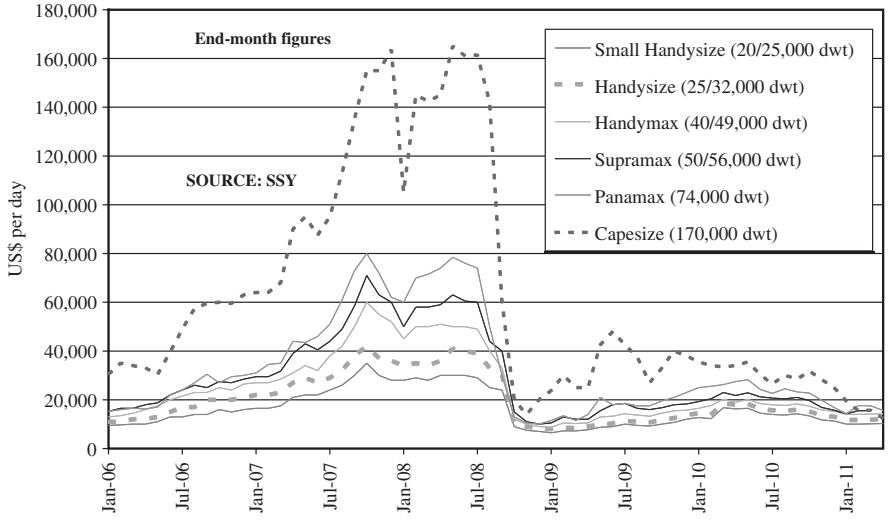
Daily Baltic Exchange Dry Index
From 2 Jan 2006 to 12 May 2011



Dry Bulk Carrier Time-Charter Rates
From Jan 2001 to Apr 2011



Dry Bulk Carrier Time-Charter Rates
From Jan 2006 to Apr 2011



OVERALL TREND OF BUNKER

Bunker price levels are inevitably closely related to crude oil prices, which tend to be inherently volatile, varying in accordance not only with supply and demand, but also perceived threats to continuity of supply.

Prior to the international financial crisis in third quarter 2008 and ensuing onset of global recession, a buoyant world economy and fast-growing seaborne trade helped to underpin oil prices, so contributing to an upward trend in bunker prices. The Singapore 380cSt bunker price, which had begun 2008 at USD486/tonne, progressively increased to a 2008 peak of USD764.3/tonne on 15 July

2008 as shown in the graph below. Yet, once world recession set in, steep declines in commodity demand and lower volumes of seaborne trade together soon precipitated a dramatic slump in bunker prices, causing the price of this grade to plunge to just USD222.5/tonne by end-December 2008 – a decline of slightly more than 70 percent in under six months.

For much of first-half 2009, international oil and bunker markets remained far softer than before the global economic downturn began, with prices showing some volatility, yet staying well below year-earlier levels. As the year progressed, a partial rally ensued, with a firming tone becoming far more apparent from around the second quarter onwards. In overall terms, prices gradually increased and, by end-year, those for 380 cSt bunkers in Singapore had rebounded to USD491.5/tonne; this was up by USD269/tonne (+121%) from their 2008 close. Further slight net increases then followed in 2010, helped by a partial upturn in demand, with the Singapore price of 380 cSt bunkers ending the year at USD508/tonne, or up by 3.4% from 12 months earlier.

In the early months of 2011, several factors have contributed to heightened concerns about the security of global oil supply. In particular, civil unrest in much of the Arab world (especially in Libya and Yemen) has appeared to threaten normal cargo availability, with the added risk that resulting political instability could spread to other major oil exporting nations in North Africa and the Middle East. These concerns served to drive international oil prices upwards - a situation further compounded by military conflict in Libya, as NATO intervened to safeguard civilians from attack by government forces in that country.

Having progressively risen to over US$125/barrel by late April, international spot crude oil prices then moderated, amid a normal seasonal downturn in oil demand as the Northern Hemisphere emerged from winter, with this contibuting to a corresponding easing of bunker prices.

Daily Singapore Bunker Price (380 cSt)
From 2 Jan 2007 to 12 May 2011

REGULATORY OVERVIEW

The vessels owned by us operate on Asian voyages. Countries have sovereignty over their territorial waters and the vessels owned by us must comply with the laws of the countries while in the territorial waters of the respective countries. Therefore, vessels owned by us are subject to various laws, regulations and rules which can generally be categorised under the following heads:

1. International conventions and codes regulating the safety and requirements on ocean going vessels

2. Flag state regulations

3. Port state regulations

4. Classification society rules and regulations

5. International or local laws and regulations governing the obligations and liabilities in respect of dry bulk cargoes

We are principally engaged in chartering our vessels for the carriage of dry bulk cargoes and the operation of these vessels. The parties to the carriage of dry bulk cargoes are generally subject to the rules and regulations as set out below.

1. International conventions and codes

Conventions

Ordinarily, the vessels owned by us should operate in compliance with the various conventions, including:

1.1 SOLAS Convention

1.2 International Convention for the Prevention of Pollution from Ships ("**MARPOL**")

1.3 International Convention on Standards of Training, Certification and Watchkeeping for Seafarers ("**STCW Convention**")

1.4 International Labour Organisation Conventions ("**ILO Conventions**")

1.5 Convention on the International Regulations for Preventing Collisions at Sea ("**COLREGS**")

1.6 International Convention on Load Lines

These conventions have been ratified by and/or are incorporated in the domestic laws of a majority of states. All vessels registered in the member states or calling in the territorial waters of the member states are subject to these conventions depending on their level of ratification and/or incorporation into their respective domestic laws.

Salient features of certain conventions are highlighted as follows:

SOLAS Convention regulates the safety of merchant vessels. It specifies minimum standards for the construction, equipment and operation of vessels. The satisfactory achievement of such standards is evidenced by the obtaining of various prescribed certificates by the vessel.

MARPOL concerns the prevention of pollution of the marine environment by vessels from operational or accidental causes. It regulates the emission of all forms of pollutants by the vessels including oil, sewage, garbage and gas.

STCW Convention sets standards for the training, certification and watchkeeping for seafarers working on board of the vessels which operate on international voyages. Under this convention, vessels owned by us are required to be manned by sufficient officers and crew possessing specified amounts of sea time and each of them must be trained and certificated accordingly to perform their respective duties on board the vessels.

ILO Conventions identify and set out the fundamental rights of the people at work, such as seafarers, irrespective of the level of development of individual member states.

COLREG sets out the rules of the road for vessels engaged on voyages on the high seas. It contains rules for steering and sailing, the conduct of vessels in limited visibility, etc.

International Convention on Load Lines sets the limit to the draught to which a ship may be loaded, in addition to setting provisions to prevent water from entering a ship through doors, hatches, windows, ventilators, etc.

Codes

In addition, the vessels ordinarily are required to comply with the rules and regulations adopted by regulatory bodies such as IMO from time to time, such as:

1.7 ISM Code

1.8 International Ship and Port Facility Security Code ("**ISPS Code**")

ISM Code was designed to extend greater responsibility to onshore management in respect of safe operation of ships as well as the prevention of pollution. All vessels owned, operated and managed by us have to comply with the ISM Code.

The ISPS Code came into effect in July 2004. Its implementation is aimed to reduce the vulnerability of a ship to be used in terroristic acts.

Our vessels engage in Asian voyages and they pass by and visit different states. They are subjected to the laws, regulations and rules of the relevant state while in their respective territorial waters.

2. Flag state regulations

A ship must be registered in a state and sailed under the flag of the registering state or jurisdiction (the "**Flag State**"). This gives the ship a nationality which follows that even in another state's territorial waters, those on board is subject to the law of the Flag State.

The Flag State has jurisdiction over and exercises regulatory control over the ship that flies under its flag. This involves the inspection, certification and issue of safety and pollution prevention documents in accordance with the applicable international conventions and national regulations. These Flag State regulations and requirements apply to ships registered in that Flag State, yet some will also be applicable to visiting foreign ships.

The vessels owned by us are registered in Panama. In addition to the international conventions, the vessels owned by the Group are also subject to the applicable laws, regulations and requirements of Panama. These laws, regulations and requirement include the following:–

3. Port state regulation

As mentioned above a ship is required to comply with the laws of the state or jurisdiction which has sovereign rights in the waters where the ship sails. When the ship sails to and from a port, she is subject to the relevant local regulations that are applicable to the waters in which she is operating.

Main aspects of local requirements of a port include pollution, navigation, ballast and berthing/anchoring requirements.

4. Classification society rules and regulations

A classification society is a non-governmental body that establishes and applies technical standards in relation to the design, construction and survey of marine related facilities including ships and offshore structures. It also supervises and surveys ships and structures to ensure that they comply with these standards.

There are a number of classification societies in the world and some of them are members of the International Association of Classification Societies ("**IACS**"). The vessels owned by us are classed by China Corporation Register of Shipping, International Register of Shipping, Isthmus Bureau of Shipping and Bureau Veritas.

Generally, every seagoing merchant ship, if properly classed, should comply with the rules and regulations of a recognised classification society. The classification society will assign a class designation to a new ship which is designed, constructed, tested and operated in accordance with the classification society's rules. A certificate of class will be issued upon satisfactory completion of the relevant surveys. For ships in service, the society carries out relevant surveys to ensure that the ship remains in compliance with those rules.

Vessels are classified according to their structural integrity and design in the light of the purpose of the vessel. The classification rules concern primarily the integrity and strength of the hull, machinery, control, engineering and electrical arrangements.

Generally, a certificate of class is valid for five years and is subject to revalidation each year upon the satisfactory results of an annual survey for the hull and machinery which includes the general examination on the electrical plant, safety equipment, and communication equipment.

After five years the certificate are renewed and reissued upon the satisfactory results of a thorough survey called special survey. The vessel would be thoroughly examined on her hull and the machinery (which includes out-of-water examinations to verify that the structure, main and essential auxiliary machinery, systems and equipment of the ship remain in a satisfactory condition according to the rules. The examination of the hull might be supplemented, depending on the relevant rules, by ultrasonic thickness measurements of the steel structures. The survey is intended to ascertain the structural integrity remains effective and to identify any substantial corrosion, significant deformation, fractures, damages or other structural deterioration. Where the thickness of a vessel's steel structure is found to be less than the class requirement of the relevant classification society, repair works as approved by the classification society, such as welding with appropriate materials using an approved procedure by duly qualified welder, will generally be required to be carried out for maintenance of the classification status and may be a pre-condition for the vessel's continued service.

Additionally, a classed vessel is generally required to be dry-docked twice within five years to enable a close examination on the shell plating, shafting, propellers and rudders.

Most insurance policies are underwritten conditional upon that the vessel being certified to have maintained her classification status by a recognised classification society. The vessels owned by us are certified as having maintained their classification status by China Corporation Register of Shipping, International Register of Shipping, Isthmus Bureau of Shipping and Bureau Veritas.

5. International or local laws and regulations governing the obligations and liabilities in respect of dry bulk cargoes

We are principally engaged in chartering of our own vessels and offers regional marine transportation services to its customers through chartering out our vessels for transportation of dry bulk cargoes. The chartering out of its vessels for the transportation of dry bulk cargoes would usually be subjected to the SOLAS Convention and the Hague Visby Rules.

5.1 SOLAS Convention

On 4 December 2008, the Maritime Safety Committee, the highest technical body of the IMO, adopted the International Maritime Solid Bulk Cargoes Code (IMSBC Code) and Chapter VI of the SOLAS Convention was amended accordingly to make the IMSBC Code mandatory. On 1 January 2011, the IMSBC Code came into force.

The aim of the mandatory IMSBC Code is to facilitate the safe stowage and shipment of solid bulk cargoes by providing information on the dangers associated with the shipment of certain types of cargo and instructions on the appropriate procedures to be adopted as regards, among other things, the carriage of different dry bulk cargoes.

With the incorporation of the IMSBC Code into the SOLAS Convention, guidance on various procedures relating to the shipment of certain types of bulk cargoes shall be provided. Owners may also expect to receive advice on the properties of the different types of dry bulk cargoes, how they should be handled, together with the various test procedures which should be employed to determine their various characteristics.

5.2 Hague-Visby Rules

The Protocol to Amend the International Convention for the Unification of Certain Rules of Law Relating to Bills of Lading, commonly referred to as the Hague Visby Rules (the "**Rules**") are a set of international rules relating to the carriage of goods by sea. The Rules seek to strike a balance between the competing interests of the shipowners and the cargo interests. The relevant countries which are contracting states and/or have adopted part of the Rules in the domestic legislations included China, Japan, Vietnam, and Indonesia.

Under the Rules, the carrier is, among other things, required to "properly and carefully load, handle, stow, carry, keep, care for, and discharge the goods carried" and to "exercise due diligence to make the ship seaworthy" and to "properly man, equip, and supply the ship". Under some national laws, the obligations imposed by the Rules shall apply to the carriage of dry bulk cargoes in the event that the bill of lading is issued in a contracting state, or the carriage of the cargo is from a port in a contracting state or the contract contained in or evidenced by the bill of lading provides that these Rules or legislation of any State giving effect to them are to govern the contract.

The Rules further provides the carrier a wide range of situations where the carrier may be exempted from or may limit its liability on a cargo claim, provided the carrier is able to demonstrate it has exercised a reasonable standard of professionalism and care.

6. General

Companies operating marine transportation business are subject to various laws; regulations and international conventions depending on the jurisdictions in which their vessels operate, the country where the ship-owning company is incorporated, the flag states where the vessels are registered and the laws and jurisdictions the ship-owning company and the contracting party submitted themselves to in various agreements.

OUR BUSINESS MILESTONES

The following are some of the important milestones in the history of our business development to date:–

Year	Milestone
2001	• The first member of our Group, which carried on vessel-chartering business (namely, Ally Marine), was established • We owned three Handysize vessels
2003	• Daeyang Shipping Co. Ltd. became our customer, which was our top five customer during the Track Record Period • We purchased our first Panamax vessel, MV Courage, and also one Handymax vessel • We expanded our total carrying capacity to approximately 242,400 dwt as at 31 December 2003 when we owned four Handysize and one Handymax vessels
2004	• China Coal Hong Kong Ltd. became our customer, which remained our top five customer during the Track Record Period
2005	• Our Company became listed on SGX-ST and raised gross proceeds of about S$51 million (equivalent to about US$31.3 million). The proceeds raised from the 2005 Singapore Invitation have been fully utilized in the acquisition of four vessels, namely, MV Bravery, MV Valour, MV Heroic and MV Zorina • Our total carrying capacity was increased to about 444,700 dwt as at 31 December 2005 when we owned three Panamax, one Handymax and six Handysize vessels
2006	• We were awarded by Marine Money International the world's top ten shipping company for financial performance in 2006 (and remained to be so awarded in 2007 and 2008)
2008	• Our Company was awarded "Asia's 200 best small and midsize companies" by Forbes Asia
2010	• We acquired our first Capesize vessel • As at 31 December 2010, our carrying capacity was about 577,000 dwt, when we owned one Capesize, four Panamax, two Handymax and two Handysize vessels

OUR GROUP COMPANIES

As at the Latest Practicable Date, our Company owns 21 subsidiaries and have one representative office in Shanghai.

Brief details of our Group Companies

The following table summarises the brief details of each of our Group companies as at the Latest Practicable Date:

	Name of Group companies	Place of incorporation or establishment	Date of incorporation/ Date of acquisition	Issued share capital or paid-up capital	Principal activities
1.	Our Company	Bermuda	5 April 2005	1,058,829,308 Shares	Investment holding
2.	New Hope Marine	Panama	1 June 2001(*)	10 common shares of US$1,000 each	Inactive
3.	Midas Shipping	Panama	1 June 2001(*)	100 common shares of US$100 each	Inactive
4.	Courage Marine Holdings *(note)*	Hong Kong	1 June 2001	10,000 ordinary shares of HK$1 each	Investment holding
5.	Courage Marine	BVI	19 February 2003	50,000 ordinary shares of US$1 each	Provision of marine transportation services
6.	Zorina Navigation	Panama	10 September 2003	100 common shares of US$100 each	Provision of marine transportation services
7.	Panamax Mars Marine	BVI	6 July 2004	50,000 ordinary shares of US$1 each	Currently inactive (January 2009 and before: Provision of marine transportation services)

	Name of Group companies	Place of incorporation or establishment	Date of incorporation/ Date of acquisition	Issued share capital or paid-up capital	Principal activities
8.	Courage Marine HK	Hong Kong	7 May 2004	100 ordinary shares of HK$1 each	Provision of administration services to Group companies
9.	Courage Amego	Panama	6 September 2004	2 common shares of US$100 each	Provision of marketing and operating services to Group companies
10.	Courage Maritime	Panama	6 September 2004	2 common shares of US$100 each	Provision of technical management services to Group companies
11.	Raffles Marine	Panama	14 December 2004	2 common shares of US$100 each	Provision of marine transportation services
12.	Courage Marine BVI	BVI	21 February 2005	10,000 ordinary shares of US$1 each	Investment holding
13.	Courage Amego Agency	Taiwan	9 September 2005	Paid-up capital of NT$9,000,000	Provision of ship agency services
14.	Bravery Marine	Panama	24 October 2005	2 common shares of US$100 each	Provision of marine transportation services
15.	Sea Valour	Panama	25 October 2005	100 common shares of US$100 each	Provision of marine transportation services
16.	Heroic Marine	Panama	6 March 2006	2 common shares of US$100 each	Provision of marine transportation services

	Name of Group companies	Place of incorporation or establishment	Date of incorporation/ Date of acquisition	Issued share capital or paid-up capital	Principal activities
17.	Sea Pioneer	Panama	6 November 2008	100 common shares of US$100 each	Provision of marine transportation services
18.	AIC	Panama	9 November 2006	100 common shares of US$100 each	Currently inactive (June 2009 and before: investment holding)
19.	Cape Ore	Panama	27 January 2010	2 common shares of US$100 each	Provision of marine transportation services
20.	Panamax Leader	Panama	26 April 2010	2 common shares of US$100 each	Provision of marine transportation services
21.	Courage Marine Property	Hong Kong	1 June 2010	10,000 ordinary shares of HK$1 each	Property holding
22.	Harmony	BVI	7 October 2010	1,000 ordinary shares of US$1 each	Inactive

(*) means the date of acquisition of the relevant company by our Group

Note: Courage Marine Holdings established a representative office in Shanghai on 29 March 2007, which is principally engaged in provision of marketing support services to us.

For the shareholding structure of our Group as at the Latest Practicable Date, please refer to the shareholding chart "E" in this "History and development" section.

Our corporate history

Before our 2005 Singapore Invitation

Our Group was founded in June 2001 by the Co-Investors (namely, Hsu Chih-Chien, Wu Chao-Huan, Chiu Chi-Shun, Chen Shin-Yung, Wu Chao-Ping, Lin Tsai-Seng, Ho Tsuy-Hong, Chen Ting-Jung and Sun Hsien-Long), which commenced our vessel chartering business with Ally Marine.

In 2001, Courage Marine Holdings acquired the entire issued share capital of Midas Shipping and established two companies, namely, Ally Marine and Jeannie Marine. Courage Marine Holdings also acquired New Hope Marine, all of which were principally engaged in provision of vessel chartering services.

Our Group further incorporated Courage Marine and Zorina Navigation in 2003 and Raffles Marine and Panamax Mars Marine in 2004 for the purpose of provision of vessel chartering services.

With the increasing scale of our operations, we took certain steps in 2004 to streamline our sales and marketing, finance and administration as well as safety and technical management and operations within our Group. Courage Marine HK, was incorporated in Hong Kong, and set up with an office in Hong Kong to provide accounting, finance and general administration services for our Group. We also incorporated Courage Amego to be the sales and marketing arm of our Group. In addition, we incorporated Courage Maritime to provide technical management services to our Group companies.

In 2005, Courage Amego Agency was incorporated in Taiwan to provide shipping agency services in Taiwan for our Group companies.

The 2005 Reorganisation and 2005 Singapore Invitation

In order to expand our carrying capacity, we planned our listing on the SGX-ST and our Shares first commenced trading on SGX-ST on 13 October 2005. As part of restructuring exercise undertaken in connection with our listing on the SGX-ST and to achieve a share swap between Courage Marine BVI and Courage Marine Holdings, Courage Marine BVI was incorporated in 2005. Courage Marine BVI acquired all shares, being 10,000 ordinary shares in Courage Marine Holdings from the Co-Investors. In consideration of this acquisition, Courage Marine BVI allotted and issued its shares to the Co-Investors or their respective nominee pro-rata to their shareholdings in Courage Marine Holdings on 24 March 2005. Pilot Assets was nominated by Hsu Chih-Chien, Wu Chao-Huan, Chiu Chi-Shun, Chen Shin-Yung and Wu Chao-Ping (together with the rest of the Co-Investors collectively called "**Previous Courage Marine BVI Shareholders**") to hold shares in Courage Marine BVI.

Our Company was incorporated under the laws of Bermuda on 5 April 2005. On 15 August 2005, our Company acquired 10,000 shares, being the entire issued share capital of Courage Marine BVI, from the Previous Courage Marine BVI Shareholders. As consideration for such acquisition, our Company:

(i) credited as fully paid the 1,000,000 Shares that were issued to Lin Tsai-Seng as our Company's initial shareholder after the incorporation of our Company on 15 August 2005; and

(ii) allotted and issued 788,829,500 new Shares, credited as fully paid, to the Previous Courage Marine BVI Shareholders on 15 August 2005.

Immediately after such acquisition, our Company became the holding company of our Group. The number of Shares issued was determined based on the audited consolidated net tangible asset value of US$14,216,931 of Courage Marine Holdings as at 31 December 2004.

In connection with the 2005 Singapore Invitation, we entered into the 2005 CB Agreement with Diamond Unit. Under 2005 CB Agreement (prior to an amendment letter dated 15 August 2005), Diamond Unit has originally agreed to subscribe for and our Company has agreed to issue a US$6,000,000 convertible bond. Pursuant to the said amendment letter dated 15 August 2005, the value of the convertible bond has been changed to US$2,937,984. Our Company was required to repay the sum of US$3,062,016 (without interest) to Diamond Unit, being the balance of US$6,000,000 already paid by Diamond Unit for the original subscription.

Furthermore, under the 2005 CB Agreement, the parties had agreed that the conversion price payable for each of the 23,999,808 Shares converted pursuant to the conversion of the convertible bond shall be at a 20% discount to the price per Share offered to the public for subscription pursuant to 2005 Singapore Invitation. Any adjustments between our Company and Diamond Unit required to achieve the said conversion price shall be made by cash payment between the parties.

Pursuant to the 2005 CB Agreement, Diamond Unit had fully converted its right of the convertible bond into 23,999,808 Shares. Furthermore, our Company had returned US$3,062,016 and US$443,318.01 due to the aforesaid adjustment to Diamond Unit. As such, all rights and obligations under 2005 CB Agreement with Diamond Unit were no longer outstanding after the 2005 Singapore Invitation. Save and except for the aforesaid discount granted to Diamond Unit, we did not grant any special rights to Diamond Unit under the 2005 CB Agreement.

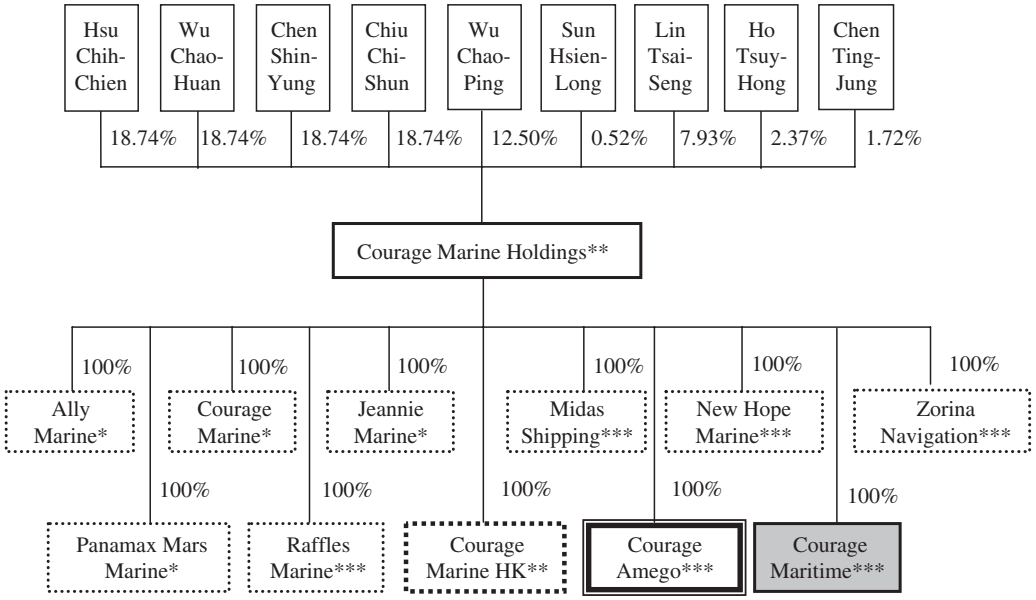
Our Hong Kong legal advisers confirmed that Courage Marine Holdings had obtained all relevant approvals and permits in relation to the transfer of 10,000 shares of Courage Marine Holdings to Courage Marine BVI.

Our BVI legal advisers confirmed that Courage Marine BVI had obtained all the relevant approvals and permits in relation to (i) its acquisition of 10,000 shares of Courage Marine Holdings; (ii) the allotment and issue of 10,000 shares of Courage Marine BVI to Previous Courage Marine BVI Shareholders; and (iii) the transfer of 10,000 shares of Courage Marine BVI to our Company.

Our Bermuda legal advisers confirmed that our Company had obtained all relevant approvals and permits in relation to (i) our acquisition of the entire issued share capital of Courage Marine BVI; and (ii) our crediting as fully paid the 1,000,000 Shares issued to Lin Tsai-Seng; and (iii) our allotment and issue of 788,829,500 new Shares to the Previous Courage Marine BVI Shareholders.

Our Company became listed on SGX-ST and raised gross proceeds of about S$51 million (equivalent to about US$31.3 million). The proceeds raised from the 2005 Singapore Invitation have been fully utilized in the acquisition of four vessels, namely, MV Bravery, MV Valour, MV Heroic and MV Zorina.

The following chart "A" depicts the shareholding structure of our Group as at 31 December 2004:



* *Incorporated in BVI*
** *Incorporated in Hong Kong*
*** *Incorporated in Panama*

means principally engaged in investment holding

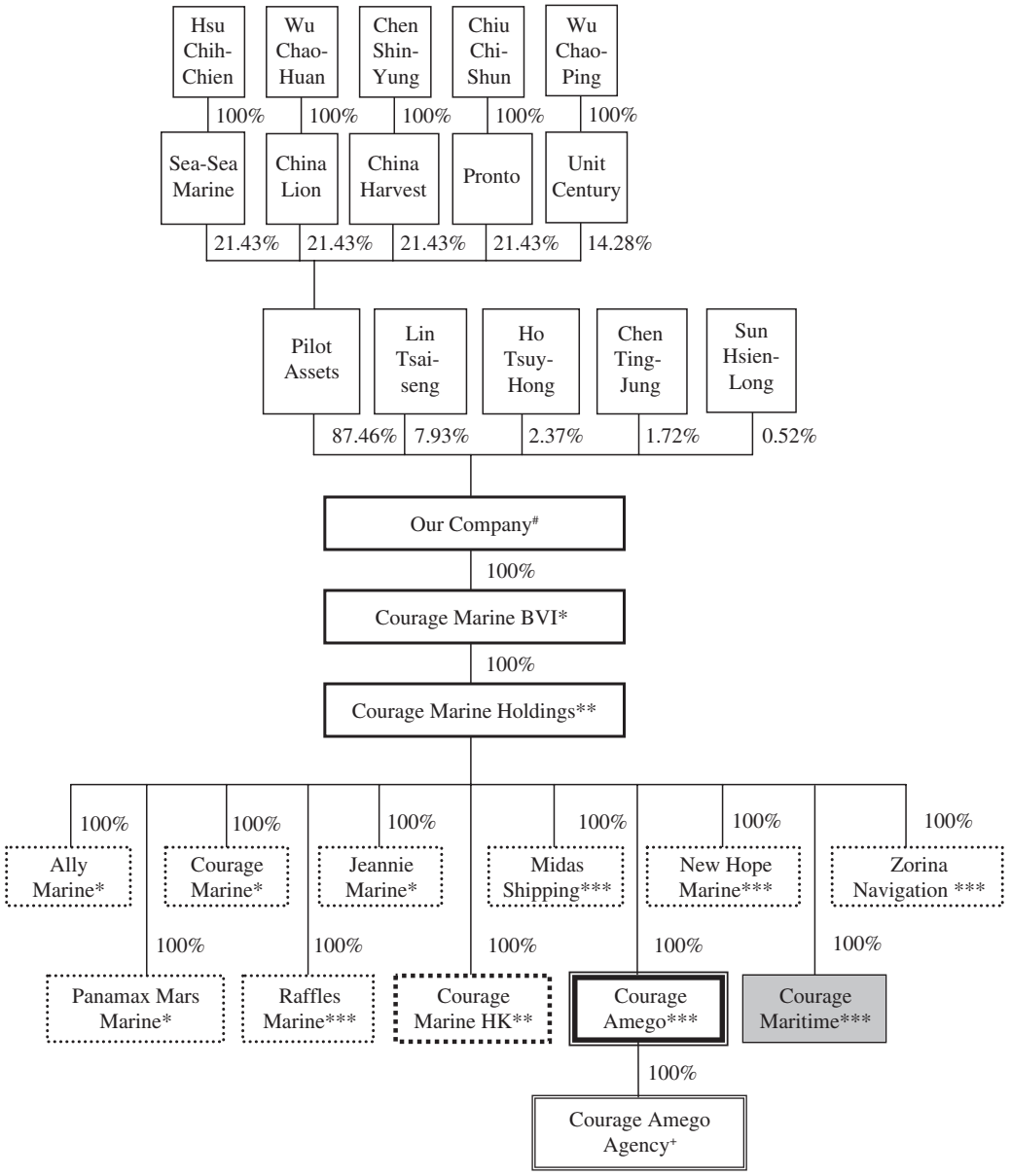
means principally engaged in provision of marine transportation services

means principally engaged in provision of administration services to our Group

means principally engaged in provision of marketing and operating services to Group companies

means principally engaged in provision of technical management services to Group companies

After the 2005 Reorganisation but before completion of the 2005 Singapore Invitation, the shareholding structure of our Group is shown by the following chart "B":



\# *Incorporated in Bermuda*
* *Incorporated in BVI*
** *Incorporated in Hong Kong*
*** *Incorporated in Panama*
\+ *Incorporated in Taiwan*

means principally engaged in investment holding

means principally engaged in provision of marine transportation services

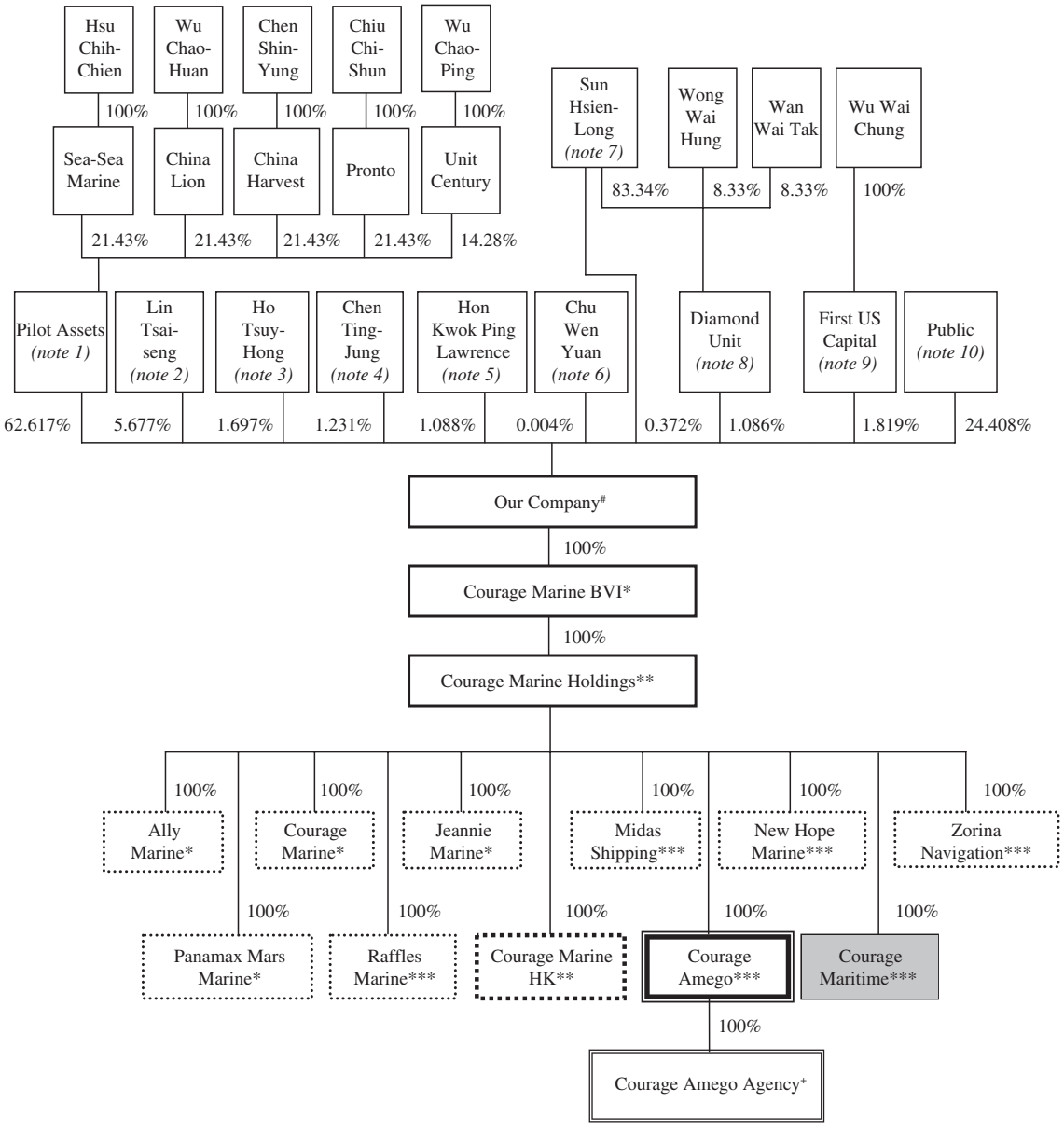
means principally engaged in provision of administration services to our Group

means principally engaged in provision of marketing and operating services to Group companies

means principally engaged in provision of technical management services to Group companies

means principally engaged in ship agency services

The following chart "C" depicts the shareholding structure of our Group immediately after the 2005 Singapore Invitation:



\# *Incorporated in Bermuda*
* *Incorporated in BVI*
** *Incorporated in Hong Kong*
*** *Incorporated in Panama*
\+ *Incorporated in Taiwan*

Notes:

As at the date of listing of our Company on SGX-ST:

1. Pilot Assets owned 663,003,318 Shares, representing about 62.617% of the total issued share capital of our Company.

2. Lin Tsai-Seng, the Sales and Marketing Manager of our Group, owned 60,114,524 Shares, representing about 5.677% of the total issued share capital of our Company.

3. Ho Tsuy-Hong, one of Co-investors, owned 17,966,132 Shares, representing about 1.697% of the total issued share capital of our Company.

4. Chen Ting-Jung, one of Co-investors, owned 13,038,711 Shares, representing about 1.231% of the total issued share capital of our Company.

5. Hon Kwok Ping Lawrence, the financial controller of our Company as at the date of listing of our Company on SGX-ST, owned 11,525,000 Shares, representing about 1.088% of the total issued share capital of our Company. Mr. Hon subscribed the Shares during the 2005 Singapore Invitation.

6. Chu Wen Yuan, a Director of our Company, owned 40,000 Shares, representing about 0.004% of the total issued share capital of our Company. Mr. Chu subscribed the Shares during the 2005 Singapore Invitation.

7. Sun Hsien-Long owned 3,941,936 Shares, representing about 0.372% of the total issued share capital of our Company.

8. Diamond Unit, an investor investing in our Company prior to the 2005 Singapore Invitation, owned 11,499,808 Shares, representing about 1.086% of the total issued share capital of our Company.

9. First US Capital acquired Shares from Previous Courage Marine BVI Shareholders pursuant to an agreement dated 17 June 2005 in consideration of services provided by First US Capital to the Previous Courage Marine BVI Shareholders for undertaking certain coordination and liaison work in connection with the 2005 Reorganisation and the 2005 Singapore Invitation. It then owned 19,264,879 Shares, representing about 1.819% of the total issued share capital of our Company.

10. Immediately after the listing of our Company on SGX-ST, the public owned 258,435,000 Shares, representing about 24.408% of the total issued share capital of our Company.

means principally engaged in investment holding

means principally engaged in provision of marine transportation services

means principally engaged in provision of administration services to our Group

means principally engaged in provision of marketing and operating services to Group companies

means principally engaged in provision of technical management services to Group companies

means principally engaged in ship agency services

After the 2005 Singapore Invitation

Following the 2005 Singapore Invitation and up to 31 December 2010, our Group had the following major changes in terms of our corporate structure:

After the 2005 Singapore Invitation, our Group further incorporated Pointlink, Bravery Marine and Sea Valour in 2005, Heroic Marine in 2006, Sea Pioneer in 2008 and Cape Ore and Panamax Leader in 2010 for the purpose of provision of vessel chartering services.

In June 2008, our then Controlling Shareholders effected certain restructuring of shareholding interests in our Company held by Pilot Assets. Immediately before such restructuring on 11 June 2008, Pilot Assets owned 669,740,318 Shares, representing about 63.25% of the then total issued share capital of our Company. Pursuant to this restructuring exercise, Pilot Assets transferred, by way of distribution in species, a total of 663,003,318 Shares to its shareholders in the proportion of their shareholding interests in it. Pilot Assets transferred 142,081,611 Shares to each of Sea-Sea Marine, China Lion, China Harvest, Pronto and 94,676,874 Shares to Unit Century. Immediately following such restructuring exercise, Pilot Assets owned 6,737,000 Shares, representing about 0.636% of the entire issued share capital of our Company.

In 2007, Courage Marine Holdings established Courage Marine Shanghai Office to principally engage in provision of marketing support services to our Group.

Sunrise Investment

In 2007, in expectation of synergy effect of business between our Group and Sunrise, Courage Amego through AIC acquired from Mio Corp. (a company controlled by Mr. Chang) 25% of shareholding interest ("**Purchased Shares**") in Sunrise for a consideration of NT$111,444,179 (which is equivalent to approximately US$3.4 million). Sunrise was then principally engaged in the business of providing aerial heavy-lifting services, emergency medical services and chartered flight services.

As the business of Sunrise did not perform as expected after completion of the acquisition, Courage Amego decided to exit from the investment of Sunrise and in May 2009 exercised the put option granted by Mr. Chang to sell the Purchased Shares back to Mr. Chang. On 14 October 2010, Courage Amego and Mr. Chang entered into the AIC-SP Agreement, pursuant to which the parties agreed that Courage Amego shall transfer the entire issued share capital of AIC, whose only asset is Purchased Shares, to Mr. Chang in consideration of approximately US$3.8 million. Under the AIC-SP Agreement, Mr. Chang may pay such consideration in kind by procuring the transfer of the PRC Property to a wholly-foreign owned enterprise established in PRC, which in turn be wholly-owned by a joint venture company owned as to 41.7% by Courage Amego and 58.3% by Mr. Chang. However, if such "in kind" completion cannot take place within six months from the date of AIC-SP Agreement, (i.e. 13 April 2011, the "**Long Stop Date**") Mr. Chang has to pay the consideration in cash.

As contemplated, Harmony was established as the joint venture company on 7 October 2010. The transfer of the PRC Property is still in progress and subject to the issue of title documents (房產証) by the relevant government authority. As the conditions for "in kind" completion was not likely to take place on or before the Long Stop Date (that is, by 13 April 2011), by an agreement ("**Supplemental AIC-SP Agreement**") dated 22 March 2011 made between Mr. Chang and Courage Amego, Mr. Chang and Courage Amego have agreed to extend the Long Stop Date to 31 March 2012 and the AIC-SP Agreement is amended accordingly. By a deed of indemnity dated 22 March 2011 given by Wu Chao-Huan and Hsu Chih-Chien in our favour, and for the purpose of protecting our interest and especially that of the minority Shareholders, Wu Chao-Huan and Hsu Chih-Chien agree to jointly and severally indemnify us against all losses, costs and expenses which we may suffer as a result of default on the part of Mr. Chang under AIC-SP Agreement (as amended).

We did not require Mr. Chang to pay the consideration in cash or take any legal action against him; however we agreed to extend the Long Stop Date to 31 March 2012 because (i) Mr. Wu and Mr. Hsu have agreed to jointly and severally indemnify us against all losses, costs and expenses which we may suffer as a result of Mr. Chang's default under the amended AIC-SP Agreement; and (ii) the Directors expected that the transfer of the PRC Property would be fully completed on or before 31 March 2012 based on their discussion with Mr. Chang and our PRC legal advisors.

No shareholders' approval is required to be sought for entering into the Supplemental AIC-SP Agreement.

Under the AIC Confirmation, it is also agreed that the risks and benefits in respect of the Purchased Shares shall be transferred to Mr. Chang with effect from the date of acceptance of the put option notice by Mr. Chang in July 2009. Following the exercise of the put option of Sunrise, we lost the power to participate in the financial and operating policy decisions of Sunrise. We have equity accounted for Sunrise up to the date of Mr. Chang's acceptance of the put option notice. As a result of the above arrangement, a sum of US$3,767,000 was recorded as deferred consideration under "Long term receivables/Other receivables" in our financial statements for the years ended 31 December 2009 and 2010. On the basis that (i) our 41.7% interests in the PRC Property was valued at more than US$3.8 million as at 31 March 2011 pursuant to a valuation report issued by RHL Appraisal Ltd. (which valued the PRC Property at US$11.14 million as at 31 March 2011); and (ii) Mr. Wu and Mr. Hsu have agreed to jointly and severally indemnify us against all losses, costs and expenses which we may suffer as a result of Mr. Chang's default under the amended AIC-SP Agreement, the Directors and the Sole Sponsor decided not to make provision for the deferred consideration.

Mr. Chang, an Independent Third Party, is a Taiwanese businessman who is engaged in the business of manufacturing furniture in the PRC. At the time of our acquisition of the Purchased Shares, he had already held equity interest in Sunrise through Mio Corp., a company controlled by him.

In 2010, Courage Marine Property was incorporated and it is currently holding an office premises of our Group in Hong Kong.

The 2011 Disposal

On 22 February 2011, our Group disposed of three subsidiaries. It is our general policy to have a Group member to hold one and only one vessel. Accordingly, after the sale of a vessel, the relevant Group member which sold such vessel would become dormant. In order to streamline the corporate structure, our Company excludes the following three dormant companies from our Group:

Disposal of Pointlink

On 22 February 2011, Courage Marine Holdings disposed of 1 share of Pointlink, representing the entire issued share capital of Pointlink to Yu Tat Ming, an Independent Third Party, for a cash consideration of US$1, which has already been received by our Group. Such consideration was determined based on the net book value of US$1 of Pointlink as shown in the management accounts as at 31 December 2010.

Disposal of Ally Marine

On 27 April 2010, the board of directors of Ally Marine declared a dividend of US$5 million to its then sole member, Courage Marine Holdings and such dividend was received by Courage Marine Holdings on 5 May 2010. On 31 December 2010, Ally Marine further declared and distributed a dividend of about US$7.66 million to its then sole member, Courage Marine Holdings. After such distribution, the net asset value of Ally Marine was US$50,000. On 31 December 2010, Ally Marine repurchased its 49,999 shares of US$1 each from Courage Marine Holdings for a cash consideration of an amount equivalent to its net asset value less US$1. After completion of the said repurchase, on 22 February 2011, Courage Marine Holdings disposed of 1 share of Ally Marine, representing the entire issued share capital of Ally Marine to Yu Tat Ming, an Independent Third Party, for a cash consideration of US$1, which has already been received by our Group. Such consideration was determined based on the net book value of US$1 of Ally Marine as shown in the management accounts as at 31 December 2010, after the repurchase of shares by Ally Marine. Ally Marine held MV Ally II before disposal in 2008.

Disposal of Jeannie Marine

On 31 December 2010, Jeannie Marine distributed a dividend of about US$5.8 million to its then sole member, Courage Marine Holdings. After such distribution, the net asset value of Jeannie Marine was US$50,000. On 31 December 2010, Jeannie Marine repurchased its 49,999 shares of US$1 each from Courage Marine Holdings for a cash consideration of an amount equivalent to its net asset value less US$1. After completion of the said repurchase, on 22 February 2011, Courage Marine Holdings disposed of 1 share of Jeannie Marine, representing the entire issued share capital of Jeannie Marine to Yu Tat Ming, an Independent Third Party, for a cash consideration of US$1 which has already been received by our Group. Such consideration was determined based on the net book value of US$1 of Jeannie Marine as shown in the management account as at 31 December 2010 after repurchase of shares by Jeannie Marine. Jeannie Marine held MV Jeannie III before disposal in 2010.

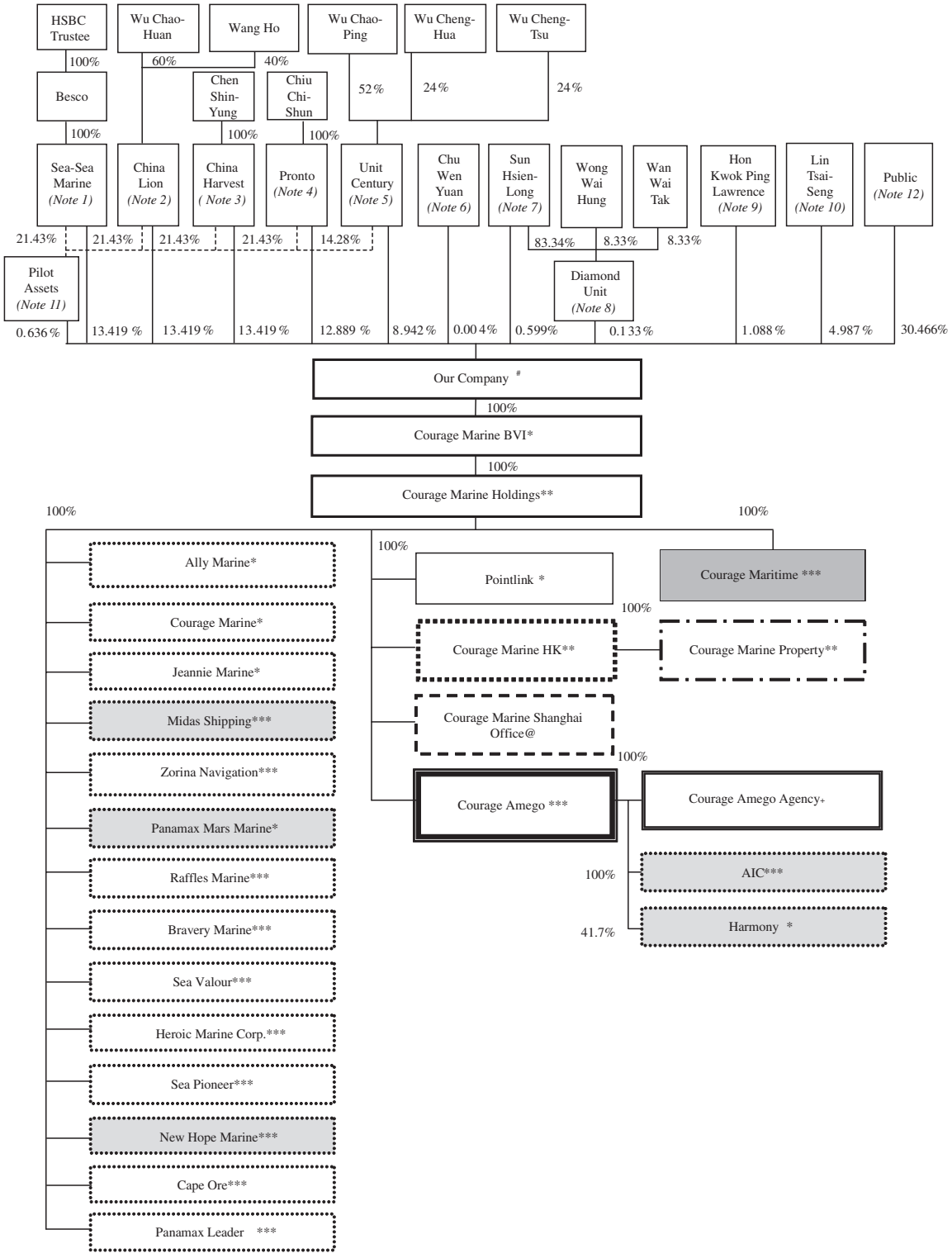
Mr. Yu, an Independent Third Party, is the general manager of a company engaging in packaging business in the PRC. As (i) we intended to dispose of the three BVI companies, and higher cost and longer time would be involved for liquidation than transfer of the three BVI companies; and (ii) Mr. Yu was willing to acquire the three BVI companies for US$1 each, which is much lower than the cost of incorporating or acquiring new shelf companies, we then agreed to dispose of and Mr. Yu agreed to acquire the three BVI companies.

As a result of the above disposals, Pointlink, Ally Marine and Jeannie Marine ceased to be members of our Group.

Our Hong Kong legal advisers confirmed that Courage Marine Holdings had obtained all relevant approvals and permits in relation to the disposal of 1 share of each of Pointlink, Ally Marine and Jeannie Marine by Courage Marine Holdings.

Our BVI legal advisers confirmed that each of Pointlink, Ally Marine and Jeannie Marine had obtained all relevant approvals and permits for the transfer of 1 share of each of Pointlink, Ally Marine and Jeannie Marine respectively.

The following chart "D" depicts the shareholding structure of our Group as at 31 December 2010:



\# *Incorporated in Bermuda*
* *Incorporated in BVI*
** *Incorporated in Hong Kong*
*** *Incorporated in Panama*
\+ *Incorporated in Taiwan*
@ *Established in PRC*

Notes:

As at 31 December 2010:

1. Sea-Sea Marine owned 142,081,611 Shares, representing about 13.419% of the total issued share capital of our Company. Sea-Sea Marine is wholly-owned by Besco which in turn is wholly-owned by HSBC Trustee in its capacity as trustee of a discretionary trust with Hsu Chih-Chien as settlor.

2. China Lion owned 142,081,611 Shares, representing about 13.419% of the total issued share capital of our Company. China Lion is owned as to 60% by Wu Chao-Huan, a Director and 40% by Wang Ho, the spouse of Wu Chao-Huan.

3. China Harvest owned 142,081,611 Shares, representing about 13.419% of the total issued share capital of our Company. China Harvest is wholly-owned by Chen Shin-Yung, a Director.

4. Pronto owned 136,473,611 Shares, representing about 12.889% of the total issued share capital of our Company. Pronto is wholly-owned by Chiu Chi-Shun, a former Director.

5. Unit Century owned 94,676,874 Shares, representing about 8.942% of the total issued share capital of our Company. Unit Century is owned as to 52% by Wu Chao-Ping, a former Director and as to 24% by each of Wu Cheng-Hua and Wu Cheng-Tsu, who are sons of Wu Chao-Ping.

6. Chu Wen Yuan, a Director, owned 40,000 Shares, representing about 0.004% of the total issued share capital of our Company. Mr. Chu subscribed the Shares during the 2005 Singapore Invitation.

7. Sun Hsien-Long, a Director, owned 6,339,936 Shares, representing about 0.599% of the total issued share capital of our Company.

8. Diamond Unit owned 1,409,808 Shares, representing about 0.133% of the total issued shsare capital of our Company. Diamond Unit is an investor holding shares in our Company before the 2005 Singapore Invitation. The entire issued share capital of Diamond Unit is held by Sun Hsien-Long as trustee on behalf of the beneficial owners. The beneficial shareholding interests in Diamond Unit are owned as to 83.34% by Sun Hsien-Long and 8.33% by each of Wong Wai Hung and Wan Wai Tak.

9. Hon Kwok Ping Lawrence, the Director of Finance of our Group, owned 11,525,000 Shares, representing about 1.088% of the total issued share capital of our Company. Mr. Hon subscribed the Shares during the 2005 Singapore Invitation.

10. Lin Tsai-Seng, the Sales and Marketing Manager of our Group, owned 52,799,524 Shares, representing about 4.987% of the total issued share capital of our Company.

11. Pilot Assets owned 6,737,000 Shares, representing about 0.636% of the total issued share capital of our Company.

12. The public owns 322,582,722 shares, representing about 30.466% of the total issued share capital of our Company.

means principally engaged in investment holding

means principally engaged in provision of marine transportation services

means principally engaged in provision of administration services to our Group

means principally engaged in provision of marketing and operating services to Group companies

means principally engaged in provision of technical management services to Group companies

means principally engaged in property holding

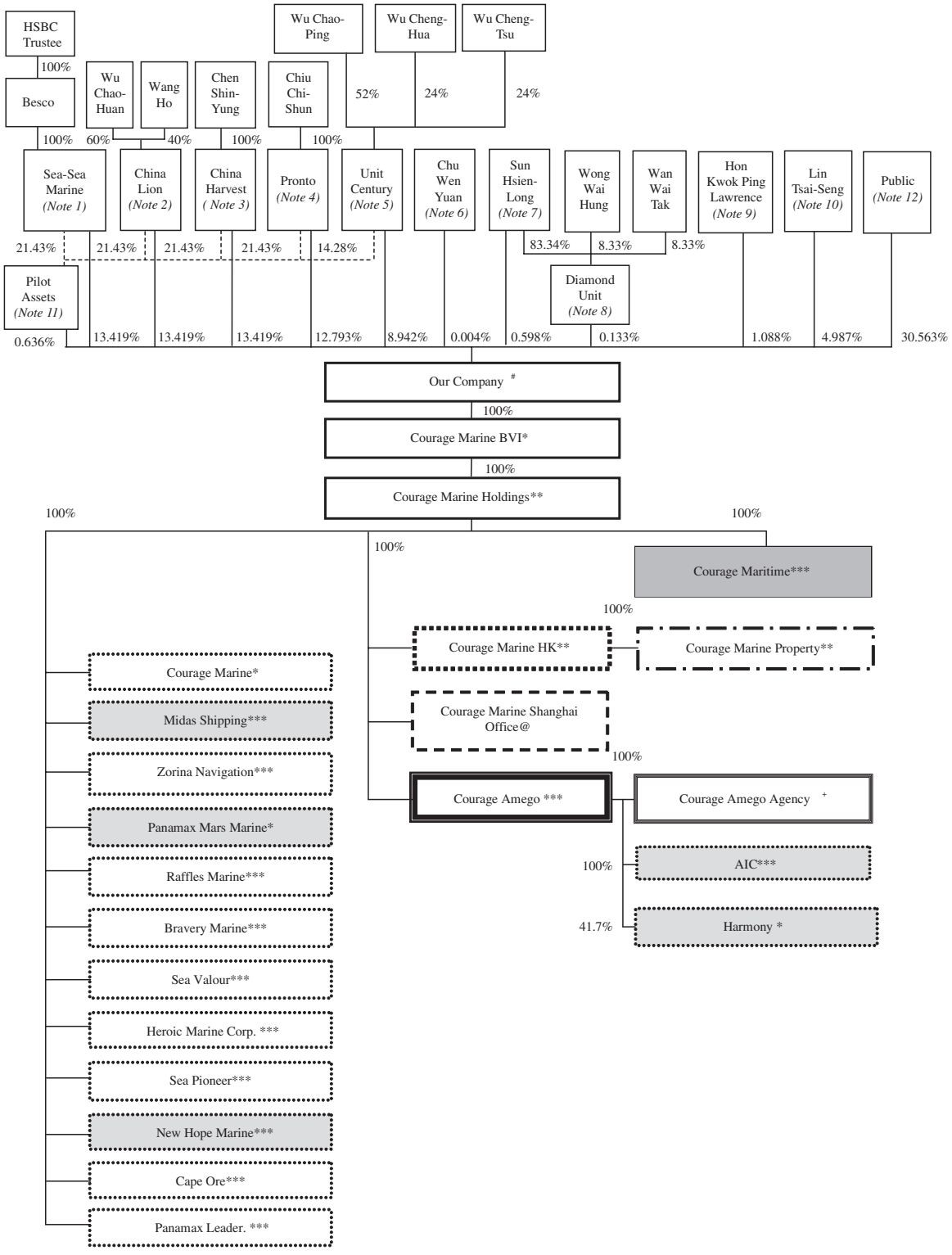
means principally engaged in ship agency services

means principally engaged in provision of marketing support services to our Group

means dormant

means inactive

After the 2011 Disposal and as at the Latest Practicable Date, the shareholding structure of our Group is shown by the following chart "E":



\# *Incorporated in Bermuda*
* *Incorporated in BVI*
** *Incorporated in Hong Kong*
*** *Incorporated in Panama*
\+ *Incorporated in Taiwan*
@ *Established in PRC*

Notes:

As at the Latest Practicable Date,

1. Sea-Sea Marine owned 142,081,611 Shares, representing about 13.419% of the total issued share capital of our Company. Sea-Sea Marine is wholly-owned by Besco which in turn is wholly-owned by HSBC Trustee in its capacity as trustee of a discretionary trust with Hsu Chih-Chien as settlor.

2. China Lion owned 142,081,611 Shares, representing about 13.419% of the total issued share capital of our Company. China Lion is owned as to 60% by Wu Chao-Huan, a Director and 40% by Wang Ho, the spouse of Wu Chao-Huan.

3. China Harvest owned 142,081,611 Shares, representing about 13.419% of the total issued share capital of our Company. China Harvest is wholly-owned by Chen Shin-Yung, a Director.

4. Pronto owned 135,451,611 Shares, representing about 12.793% of the total issued share capital of our Company. Pronto is wholly-owned by Chiu Chi-Shun, a former Director.

5. Unit Century owned 94,676,874 Shares, representing about 8.942% of the total issued share capital of our Company. Unit Century is owned as to 52% by Wu Chao-Ping, a former Director and as to 24% by each of Wu Cheng-Hua and Wu Cheng-Tsu, who are sons of Wu Chao-Ping.

6. Chu Wen Yuan, a Director, owned 40,000 Shares, representing about 0.004% of the total issued share capital of our Company. Mr. Chu subscribed the Shares during the 2005 Singapore Invitation.

7. Sun Hsien-Long, a Director, owned 6,334,936 Shares, representing about 0.598% of the total issued share capital of our Company.

8. Diamond Unit owned 1,409,808 Shares, representing about 0.133% of the total issued share capital of our Company. Diamond Unit is an investor holding shares in our Company before the 2005 Singapore Invitation. The entire issued share capital of Diamond Unit is held by Sun Hsien-Long as trustee on behalf of the beneficial owners. The beneficial shareholding interests in Diamond Unit are owned as to 83.34% by Sun Hsien-Long and 8.33% by each of Wong Wai Hung and Wan Wai Tak.

9. Hon Kwok Ping Lawrence, the Director of Finance of our Group, owned 11,525,000 Shares, representing about 1.088% of the total issued share capital of our Company. Mr. Hon subscribed the Shares during the 2005 Singapore Invitation.

10. Lin Tsai-Seng, the Sales and Marketing Manager of our Group, owned 52,799,524 Shares, representing about 4.987% of the total issued share capital of our Company.

11. Pilot Assets owned 6,737,000 Shares, representing about 0.636% of the total issued share capital of our Company.

12. The public owns 323,609,722 shares, representing about 30.563% of the total issued share capital of our Company.

means principally engaged in investment holding

means principally engaged in provision of marine transportation services

means principally engaged in provision of administration services to our Group

means principally engaged in provision of marketing and operating services to Group companies

means principally engaged in provision of technical management services to Group companies

means principally engaged in property holding

means principally engaged in ship agency services

means principally engaged in provision of marketing support services to our Group

means dormant

means inactive

DEVELOPMENT OF OUR FLEET

As at 1 January 2008 (being the beginning date of the Track Record Period), we held 10 vessels with total carrying capacity of about 494,800 dwt. During the Track Record Period, we conducted some sales and purchases of vessels which changed the composition of our fleet. The following table sets forth the particulars of our vessels as at the Latest Practicable Date:

Vessel name	Type	Year of purchase *(Note 1)*	Year of disposal *(Note 2)*	Year built	Age	Flag State	Classification society	Purchase cost *(US$ million)*	Remaining estimated useful life (year(s)) *(Note 5)*	Estimated residual value *(US$ million)*	Approximate carrying capacity (dwt)
Existing vessels											
Cape Warrior	Capesize	2010	N/A	1986	25	Panama	Isthmus Bureau of Shipping	9.7	5	8.1	146,000
Panamax Leader	Panamax	2010	N/A	1989	21	Panama	China Corporation Register of Shipping	12.9	9	4.7	67,000
Sea Pioneer	Panamax	2008	N/A	1984	27	Panama	International Register of Shipping	3.8	3	4.8	67,000
Valour	Panamax	2005	N/A	1985	25	Panama	China Corporation Register of Shipping	11.9	5	4.8	67,000
Courage	Panamax	2003	N/A	1984	27	Panama	China Corporation Register of Shipping	4.4	3	4.8	67,000
Zorina	Handymax	2008	N/A	1982	29	Panama	Bureau Veritas	16.0	1	4.6	48,000
Heroic	Handymax	2006	N/A	1982	29	Panama	China Corporation Register of Shipping	6.2	1	3.5	42,000
Bravery	Handysize	2005	N/A	1983	28	Panama	China Corporation Register of Shipping	7.9	2	3.3	36,000
Raffles	Handysize	2004	N/A	1984	27	Panama	China Corporation Register of Shipping	10.7	3	2.9	38,000

Vessel name	Type	Year of purchase *(Note 1)*	Year of disposal *(Note 2)*	Year built	Age	Flag State	Classification society	Purchase cost *(US$ million)*	Remaining estimated useful life (year(s)) *(Note 5)*	Estimated residual value *(US$ million)*	Approximate carrying capacity (dwt)
Disposed vessels											
Cape Ore *(Note 3)*	Capesize	2010	2010	1981	N/A	Panama	N/A *(Note 4)*	7.9	N/A *(Note 4)*	N/A *(Note 4)*	128,000
Panamax Mars	Panamax	2004	2009	1980	N/A	Panama	N/A *(Note 4)*	8.7	N/A *(Note 4)*	N/A *(Note 4)*	62,000
Ally II	Handysize	2002	2008	1977	N/A	Panama	N/A *(Note 4)*	1.2	N/A *(Note 4)*	N/A *(Note 4)*	35,000
Jeannie III	Handysize	2001	2010	1977	N/A	Panama	N/A *(Note 4)*	1.1	N/A *(Note 4)*	N/A *(Note 4)*	35,000

Note(s): 1. The "year of purchase" as mentioned above refers to the date when our Group member became the registered owner of the relevant vessel. Generally, such date of completion of registration is later than the date of agreement for our purchase of the relevant vessel by a few months.

2. The "year of disposal" as mentioned above refers to the date when our Group member ceased to be the registered owner of the relevant vessel. Generally, such date of completion of registration is later than the date of agreement for our sale of the relevant vessel by a few months.

3. After our purchase of the vessel "MV Cape Ore", an Independent Third Party offered to purchase such vessel at a sale price which was higher than our original purchase price, and we concurrently identified a younger Capesize vessel with higher carrying capacity (namely, MV Cape Warrior) and the proposed purchase price for which was reasonable, we decided to proceed with the sale of "MV Cape Ore" in the same year.

4. Since we no longer own such vessel, we do not have the information regarding its current classification society, remaining estimated useful life and estimated residual value.

5. Estimated useful life means 30 years from the date of initial delivery from the shipyard. We determine the estimated useful lives of vessels mainly for calculating their depreciation amount. The Directors consider that the actual useful lives of our vessels could be more than 30 years because: (i) it is not mandatory to scrap a vessel if it is more than 30 years old, and hence whether to scrap a vessel is a economic decision; and (ii) we owned and operated vessels that were older than 30 years during the Track Record Period. As at the year-end dates of the last five financial years, we maintained at least 8 vessels. As of the Latest Practicable Date, we have no existing plan to downsize our fleet capacity.

The sellers who sold the vessels to us and the purchasers who purchased the vessels from us are all Independent Third Parties. For further details about our vessel investment and divestment policy, please refer to the section headed "Business – Our policy on vessel investment and divestment" of this document.

OVERVIEW

We provide vessel chartering services to our charterers. We own and operate nine dry bulk vessels, including one Capesize vessel, four Panamax vessels, two Handymax vessels and two Handysize vessels with a total carrying capacity of approximately 577,000 dwt. During the Track Record Period, we mainly deployed our existing and disposed vessels in the waters around the Greater China region as well as Indonesia, Singapore, Korea, Vietnam, Cambodia, the Philippines and Russia. We generally transport dry bulk commodities including coal, sea sand and bauxite as well as iron ore and minerals during the Track Record Period.

Spot charter contracts

Spot charter contracts are one-off contracts where their freight rates are agreed based on instant (i.e. current) market rate. Under spot charter contracts, we calculate freight rates based on voyage charter or time charter.

In voyage charter, subject to a minimum fixed freight, we charge freight rates based on the weight of cargos transported and are responsible for both operating costs and voyage costs of the vessels. Generally, operating costs mainly comprise agency fees for our vessel crew, repair and maintenance, insurance and depreciation, while voyage costs mainly comprise bunkers and port charges. The final rates might be adjusted depending on the occurrence of demurrage or dispatch, if any. Additional charges will be imposed on the charterer in demurrage whereas credits will be given to the charterer in dispatch. We will issue the final invoice or credit note to the charterer after the above is ascertained.

Under time charter, we charge charter-hire on a per day basis, and we are responsible for the operating costs of the vessels, while charterers are responsible for the voyage costs of the vessels and bear the risk of any delays at port or during the voyage except for delays caused by us. The components comprising the operating costs and voyage costs under time charter are the same for voyage charter.

During the Track Record Period, other than the 2007 CoA we entered into with a Singapore construction company, all other charter contracts we secured were spot charter contracts, and approximately 81.8%, 46.5% and 75.5% of our revenue was generated from spot charter contracts.

CoAs

CoAs are longer-term charter contracts which cover a series of voyages (instead of a single voyage), where their freight rates are pre-determined and prevail throughout the agreed period under the contracts. During the Track Record Period and up to the Latest Practicable Date, our CoAs, by commodity nature, could be categorised by into two types:

(1) CoA regarding transportation of sea sand

During the Track Record Period, we have entered into the 2007 CoA with a Singapore construction company, and approximately 18.0%, 52.2% and 23.9% of our revenue was generated from the 2007 CoA respectively. Pursuant to the 2007 CoA, we agreed to transport a certain agreed volume of sea sand for the customer at a pre-determined fixed rate. Despite that the 2007 CoA will be expired in May 2012, the obligations between the parties have been completely fulfilled.

We further entered into the 2011 First CoA with the customer in May 2011. Pursuant to the 2011 First CoA, we have agreed to transport a certain agreed volume of sea sand for the customer at a pre-determined fixed rate during the period between August 2011 and July 2013. The credit period given to the customer is 30 days. If the agreed volume of sea sand could not be delivered by us within the contract period, the Directors confirm that the contract period will be reasonably extended according to the common practice of the industry and the customer is obliged to pay the outstanding amount in respect of such volume of sea sand to us. Since the Singapore construction company is sizable, has a good track record, is a qualified supplier of the government and has been successful in tendering for governmental construction projects, the Directors consider that the financial situation of the Singapore construction company is stable.

In May 2011, we entered into the 2011 Second CoA with another Singapore construction company. Under the 2011 Second CoA, we have agreed to transport certain agreed volume of sea sand for the charterer at a pre-determined fixed rate during the period between July 2011 to July 2013. The credit period given to this Singapore construction company is 30 days.

(2) CoA regarding transportation of steam coal

We also entered into the China Coal CoA with China Coal, our top five customer during the Track Record Period, in May 2011. Pursuant to the China Coal CoA, we have agreed to transport a certain agreed volume of steam coal for China Coal at a pre-determined fixed rate during August 2011 to July 2012. The credit period given to China Coal is 30 days.

As at the Latest Practicable Date, the 2007 CoA was fully performed, and we had three CoAs in progress. Income from CoAs is recognised as revenue on the percentage of completion basis, so that revenue is recognised on the time proportion method of each individual voyage. The actual delivery dates under the three CoAs are proposed by the charterers and subject to our agreement. See "Risk factors – The revenue from the China Coal CoA, the 2011 First CoA and the 2011 Second CoA may not be evenly distributed during the contract periods" for details of the risks in relation to the CoAs.

Our Financial Performance

Track Record Period

Revenue and profit

We generate revenue mainly from providing vessel chartering services. For each of the three years ended 31 December 2010, our revenue was approximately US$75.7 million, US$27.9 million and US$46.5 million respectively; and our net profit was approximately US$40.5 million, US$75,000 and US$9 million respectively.

Reasons for the decrease in revenue in 2009

Due to the global contraction of trade finance resulted from the financial crisis in late 2008, the demand for spot charter contracts and market freight rates were adversely affected. Since our vessel chartering services heavily rely on spot charter contracts which are more prone to market fluctuation, the decrease in the demand for spot charter contracts and the decrease in freight rates had a greater impact on our revenue in 2009 than our competitors, which might have different extent of reliance on spot charter contracts. If our competitors have more CoAs, as the duration term and the freight rates of such long-term contracts are pre-determined, their performance would be less affected by poor economic condition.

In addition, the decrease in coal exports from China in 2009 resulted in a decrease in the number of spot charter contracts we secured in 2009. Notwithstanding the increase in coal imports to China in 2009, we were unable to secure more spot charter contracts in respect of coal imports to China because of (i) keen competition; and (ii) low demand from our existing customers.

Due to the abrupt change in market condition during 2009, we had less spot charter contracts, and therefore the overall utilization rate of our vessels in such year decreased from approximately 76.5% to approximately 71.2%. Together with the effect of the decrease in our freight rates, our revenue experienced a significant decrease in 2009.

Recovery in 2010

Following the recovery of the global economy and trade activities, given that we rely on spot charter contracts which allow flexibility in capturing the upside in the shipping market, we were able to secure more spot charter contracts in 2010 and our profitability in such year was steadily improved.

2011 first quarter

Revenue

Our revenue decreased by approximately 55% from approximately US$12.9 million in the three months ended 31 March 2010 to approximately US$5.8 million in the three months ended 31 March 2011. The decrease in revenue during such period was mainly due to the political instability in the Middle East leading to concerns about global oil supply and substantial increase in bunker price, being one of the major variable costs, which discouraged us from taking orders negotiated with lower freight rates. The over-supply of vessels within the Asian region caused by cutting of cargo shipment to and from Japan as a result of the Japanese earthquake, tsunami and nuclear pollution breakout leads to the decrease in the demand for our services in March 2011.

The above led to a decrease in the overall utilization rate of our vessels from approximately 94.5% to approximately 44.1% for the first quarter of 2011. In line with the approximately 55% decrease in the Baltic Dry Index from the average of approximately 3,027 points for the first quarter of 2010 to the average of approximately 1,365 points for the first quarter of 2011, our revenue decreased by approximately 55% in the first quarter of 2011 compared to the same period in 2010 because of decrease in freight rate.

	For the three months ended 31 March	
	2010	**2011**
Coal	47.5%	39.0%
Sea sand	29.2%	44.9%
Bauxite	7.2%	15.4%
Iron ore	16.1%	–
Others	–	0.7%
Total	100%	100%

Our revenue derived from transportation of sea sand increased during the first quarter of 2011 compared to the first quarter of 2010, as we transported more sea sand under the 2007 CoA during such period. We did not derive any revenue from transportation of iron ore during the first quarter of 2011, as the Directors confirm that our customers' demand for iron ore was relatively low during such period and therefore we did not secure charter contracts for transportation of iron ore during such period.

Cost of services

Our cost of services for the first quarter of 2011 had a relatively less decrease mainly due to certain fixed cost items, including crew agency fees and maintenance fees coupled with the increase in per tonne market bunker price, despite the decrease in our vessels' utilization rate during such period. In addition, we incurred approximately US$1.1 million in respect of our other expenses (attributable to the professional fees and other expenses relating to our Hong Kong listing exercises), which is non-recurring in nature, during the period.

Net loss

As a result, we recorded a net loss of approximately US$3.7 million during the three months ended 31 March 2011.

Directors' view

Our Directors are of the view that the above circumstantial factors, which were the main causes of the decline in our financial performance, affect not only us, but the majority of the dry bulk vessel service providers focusing on the Asian region. There is no assurance that such net loss will not recur or we will be able to generate or (where appropriate) sustain revenue growth and profitability in the future.

Maintenance work

During the period where the utilization rate of our vessels is low, we would arrange and schedule certain maintenance work to be performed during such period to reduce the idle time of our vessels and reduce the time to be spent on maintenance in the future. The Directors consider that the reschedule of such maintenance work would not affect our financial position as such maintenance work is mandatory and has to be done within a certain period of time, even if we do not perform such work during the period where the utilization rate of our vessels is low.

Agency fees for vessel crews

As some of the wages of our crew members increased during the three months ended 31 March 2011 compared to the same period of 2010, the agency fees for vessel crew incurred increased, despite the decrease in our vessel's utilization rate during such period. Such agency fees for vessel crew are determined with reference to the number of crews paid instead of the number of voyages they worked on.

Recent natural disasters in Japan

During the Track Record Period, since we rarely deployed our vessels in waters near Japan, our Directors consider that the recent natural disasters in Japan do not directly affect our operation. However, we suffer from indirect financial loss due to the worsening economic atmosphere brought by such disasters. Other than potential delay in discharging cargoes, our Directors are not aware of any potential claims as a result of the natural disasters. In the event that we encounter claims arising from the natural disasters, the relevant damages would be covered by our insurance policy. See "Risk factors – The recent natural disasters in Japan may affect our operation and financial performance" for the risk in this regard.

Our strategies

We intend to secure more CoAs to mitigate the fluctuation of our financial performance. Since the duration term and freight rates of such long-term contracts are pre-determined, we could still generate a stable income even if we are not able to secure spot charter contracts under poor economic condition. Our Directors consider that the 2011 First CoA, the 2011 Second CoA and the China Coal CoA could enable us to have a more stable income in the second half of 2011, which would also improve the overall utilization rate of our vessels.

Director's fee

We have adopted a policy that our Director's fees are determined by a particular percentage of our profit made. Since our profit in 2009 was unsatisfactory and our Director's fees of that year would therefore be minimal under such policy, all of our executive Directors and our Chairman and non-executive Director Hsu Chih-Chien waived their Director's fees, despite the fact that we would have recorded a loss in 2009 if the above Director's fees were not waived.

Working capital

The Directors are of the opinion that after taking into account (i) our existing cash flow; (ii) the cash flow to be generated from the operating activities partly contributed by the 2011 First CoA, the 2011 Second CoA and the China Coal CoA we secured in May 2011; and (iii) the standby banking facilities to be guaranteed by a pledge, the working capital available to our Group is sufficient for our requirements for at least 12 months from the date of this document.

Material adverse changes

Our Directors confirm that there has been or may be a material adverse change in our financial or trading position since 31 December 2010 (being the date on which our latest combined financial statements were prepared which was set out in the accountants' report in Appendix I to this document) as our revenue decreased by approximately 55% from approximately US$12.9 million in the three months ended 31 March 2010 to approximately US$5.8 million in the three months ended 31 March 2011. See above for further details.

COMPETITIVE STRENGTHS

We attribute our success to the following key competitive strengths:

Our fleet comprises vessels with different sizes and tonnage capacities

As our fleet comprises a mix of Capesize, Panamax, Handymax and Handysize vessels with various tonnage capacities, we are able to accommodate and respond to our customers' shipping requirements in a flexible and efficient manner while reducing the idle time of our fleet.

We work closely with our customers to understand their transportation needs. With our vessel mix and operational readiness, we are able to respond to our customers' diverse and demanding shipment requirements.

We have healthy cash flows and our administrative and finance costs are low

As at 31 December 2008, 2009 and 2010, our bank balances and cash amounted to approximately US$45.6 million, US$43.2 million and US$29.9 million respectively, while the net cash from operating activities for the Track Record Period amounted to approximately US$44.6 million, US$7 million and US$21 million respectively. As at such year-end dates, our gearing ratios were approximately 13.4%, 8.7% and 5.4% respectively. Generally, we generate our revenue mainly from spot charter contracts, where charterers have to pay charter-hire in full before the voyage completes. As a result, we could maintain our trade receivables and debt turnover rate at a relatively low level, which enable us to have sufficient cash flow for our operation.

Our primary capital expenditure is acquisition of vessels. By capitalising on the experience and network of our management team to identify and acquire second-hand vessels in good conditions and at competitive prices, it has been our policy to acquire second-hand vessels instead of ordering brand new vessels. By such means, we maintain a relatively strong cash flow and do not heavily rely on debt financing to acquire new vessels which are generally more expensive. The interests paid by us during the Track Record Period in such connection amounted to approximately US$0.2 million, US$0.3 million and US$0.1 million respectively. The financial institution which financed the acquisition of vessels has had business dealings with us for over seven years, and we believe we may obtain, as and when necessary, debt financing on favourable terms.

Since we engage a crew agent to supply our vessel crews and we leverage on our crew agent's administrative resources in managing our crew (including recruitment, work allocation and scheduling, and other related administrative work), we could save the cost of setting up an administrative office in China. As of the Latest Practicable Date, we only had 5 administrative and finance staff members.

Because of our prudent financial management policy and strong cash flows, we have been able to survive difficult operating environment and declare dividends of approximately US$5 million to our Members for the year ended 31 December 2009, and may expand our fleet readily without much reliance on debt financing. During the Track Record Period, only one of our vessels was purchased with external financing, where we borrowed less than 65% of the purchase consideration of such vessel.

We have established long-term relationships with our customers and cargo brokers

We believe that we have established a reputation in the shipping community for maintaining high standards of safety, performance and reliability in our provision of services. As a result, we are able to foster and maintain long-term relationships with our customers and cargo brokers.

We are able to further optimise the deployment of our fleet capacity and enhance our services to our customers given the long-term relationships with our customers and cargo brokers.

We have an extensive market presence in the Greater China region and certain territories in Asia

We have an extensive network of port agents and reliable network of cargo brokers in the Greater China region and certain territories in Asia, which relieves us of the need to set up sales offices across the region, thereby saving overheads without compromising on our ability to provide services over there and tap on any business opportunities when they arise.

Our Directors believe that through the extensive deployment of our vessels in the Greater China region and certain territories in Asia and our familiarity with the shipping market and shipping routes, we are able to capitalise on the economic growth in these regions and to meet the increasing transportation requirements of our existing and potential customers in these regions.

We have experienced management team with a proven track record and outstanding execution capabilities

Our management team is led by our founders, including our Chairman and non-executive Director, Hsu Chih-Chien, and our Managing Director, Wu Chao-Huan. Mr. Hsu's reputation and valuable experience and knowledge in the maritime industry were fostered by his root to his family that had been engaged in the shipping business dating back to early 20th century that began in Shanghai. Mr. Wu has extensive experience in managing shipping business from strategic planning to sales and marketing.

Our Directors believe that as our management team is experienced in various facets of the dry-bulk shipping business (including sales and marketing, vessel operations, technical management and crewing, repair and maintenance, vessel financing and insurance), the team could adopt suitable strategies to cater for market demand and control risks, so that we could capture a larger market share and expand our business in the dry bulk shipping industry in Asia.

For further details on the experience of our management team, see "Directors, senior management and staff".

BUSINESS STRATEGIES

Having regard to track record, the Directors believe that we are well-positioned to further develop our business and capture new business opportunities within the dry bulk shipping industry. To achieve this, we plan to continue capitalising on opportunities to leverage our competitive strengths and implement our business strategies:

Expand our fleet

To strengthen our competitiveness in the industry and satisfy the increasing demand for vessel chartering services, we intend to expand our fleet by acquiring more vessels. In general, we will continue to look for reasonably priced second-handed vessels to control our capital expenditure. We intend to look for vessels with larger capacity such as Capesize and Panamax vessels as we could achieve a higher profit margin from larger vessels and enhance our total carrying capacity. Though second-handed vessels would be our priority in selecting vessels, we remain open to possibilities of purchasing brand new vessels in the future.

Our Directors believe that the intended expansion of our fleet could assist us in capturing a larger market share and enhance our competitiveness against our competitors. In addition, we could improve our revenue and profitability in this regard.

Improve our equipment and facilities to enhance competitiveness

We intend to purchase more equipment and improve our facilities to increase our operation efficiency and effectiveness. We intend to purchase conveyors to be installed on our vessels to facilitate loading and unloading process, which could enhance the efficiency of and shorten the time required in the loading and unloading processes.

Our Directors are of the view that the operating efficiency and effectiveness are important factors which contributed to our success, as the shortened loading and unloading process could enable us to shorten the chartering process and therefore could enter into more charter contracts to enhance our revenue. Through the improvement of our equipment and facilities for operations, our Directors believe that our competitiveness and financial performance would concurrently be improved as well.

Capitalising on our relationships with existing customers and expanding further in coal shipment

We have established business relationships with certain coal traders and buyers in the Greater China region and Indonesia. A Taiwanese state-owned enterprise and China Coal Hong Kong Ltd. have been our customers since 2003 and 2004 respectively. PT Billy Indonesia, an Indonesian exporter of dry bulk commodities (including coal), has chartered our vessels for coal transportation since 2009. Such three companies are all our top five customers during the Track Record Period and the revenue contributed from them ranged from approximately 4.5% to 18.1% when they were our top five customers during such period.

Among the composition of dry bulk commodities we shipped, coal shipment represented the largest share of revenue during the Track Record Period except for the year ended 31 December 2009. For the years ended 31 December 2008 and 2010, coal shipment contributed approximately 70% and 51% of our total revenue respectively. See "Business – Customers" for details.

In May 2011, we have entered into the China Coal CoA with China Coal. For details, see "Business – Chatering Process – CoAs".

Continue in establishing a quality customer base

Over the years, we have developed and maintained good relationships with our charterers and built our reputation in the industry. With our reliability and quality services, we have achieved business with a number of multinational corporations and state-owned enterprises. We believe that through our customer building and customer relationship management abilities, we have secured the trust and preference of our customers which increase the utilization rate of our vessels as well as our profitability. We will continue to maintain our relationship with our existing customers and expand our customer portfolio. Capitalising on good relationship with our charterers, we have entered into the 2007 CoA during the Track Record Period, and the 2011 First CoA, the 2011 Second CoA and China Coal CoA in May 2011. For details, see "Business – Chartering Process – CoAs".

OUR BUSINESS

General

We provide vessel chartering services to our charterers. We own and operate nine dry bulk vessels, which include one Capesize vessel, four Panamax vessels, two Handymax vessels and two Handysize vessels with a total carrying capacity of approximately 577,000 dwt. During the Track Record Period, we mainly deployed our existing or disposed vessels in the waters around the Greater China region as well as Indonesia, Singapore, Korea, Vietnam, Cambodia, the Philippines, Russia and certain territories in Asia. The dry bulk commodities which we transport include coal, sea sand and bauxite as well as iron ore and minerals during the Track Record Period.

Our acceptance of the engagement is subject to factors including freight rates, our vessel availability and type of goods to be chartered.

During the Track Record Period, other than the CoA we entered into with a Singapore construction company, all other charter contracts we secured were spot charter contracts. Spot charter contracts are one-off charter contracts where their freight rates are agreed based on instant (i.e. current) market rate. CoAs are longer-term charter contracts which cover a series of voyages (instead of a single voyage), where their freight rates are pre-determined and prevail throughout the agreed period under the contracts.

Under spot charter contracts, freight rates could be calculated based on voyage charter or time charter. In voyage charter, subject to a minimum fixed freight, we charge freight rates based on the weight of cargos transported and are responsible for both operating costs and voyage costs of the vessels. Generally, operating costs mainly comprise the agency fees for our vessel crew, repair and maintenance, insurance and depreciation, while voyage costs mainly comprise bunkers and port charges. The final rates might be adjusted depending on the occurrence of demurrage or dispatch, if any. Additional charges will be imposed on the charterer in demurrage whereas credits will be given to the charterer in dispatch. We will issue the final invoice or credit note to the charterer after the above is ascertained.

Under time charter, we charge charter-hire on a per day basis, and we are responsible for the operating costs of the vessels, while charterers are responsible for the voyage costs of the vessels and bear the risk of any delays at port or during the voyage except for delays caused by us. The components comprising the operating costs and voyage costs under time charter are the same for voyage charter.

During the Track Record Period, we only had one CoA made with a Singapore construction company and its charter term was voyage charter. For each of the three years ended 31 December 2010, spot charter contracts accounted for approximately 81.8%, 46.5% and 75.5% of total revenue respectively; whereas our CoA accounted for approximately 18.0%, 52.2% and 23.9% of total revenue respectively.

Fleet composition and utilization rates

As at the Latest Practicable Date, our fleet comprised nine dry bulk vessels, comprising one Capesize vessel, four Panamax vessels, two Handymax vessels and two Handysize vessels with a total carrying capacity of approximately 577,000 dwt. During the Track Record Period, we conducted several sales and purchases of vessels which changed the composition of our fleet. The following table sets forth the particulars of our vessels during the Track Record Period:–

Vessel name	Type	Year of purchase	Year of disposal	Year built	Age	Flag State	Classification society *(Note 1)*	Purchase cost *(US$ million)*	Remaining estimated useful life (year(s)) *(Note 3)*	Estimated residual value *(US$ million)*	Approximate carrying capacity (dwt)
Existing vessels											
Cape Warrior	Capesize	2010	N/A	1986	25	Panama	Isthmus Bureau of Shipping	9.7	5	8.1	146,000
Panamax Leader	Panamax	2010	N/A	1989	21	Panama	China Corporation Register of Shipping	12.9	9	4.7	67,000
Sea Pioneer	Panamax	2008	N/A	1984	27	Panama	International Register of Shipping	3.8	3	4.8	67,000
Valour	Panamax	2005	N/A	1985	25	Panama	China Corporation Register of Shipping	11.9	5	4.8	67,000
Courage	Panamax	2003	N/A	1984	27	Panama	China Corporation Register of Shipping	4.4	3	4.8	67,000
Zorina	Handymax	2008	N/A	1982	29	Panama	Bureau Veritas	16.0	1	4.6	48,000
Heroic	Handymax	2006	N/A	1982	29	Panama	China Corporation Register of Shipping	6.2	1	3.5	42,000
Bravery	Handysize	2005	N/A	1983	28	Panama	China Corporation Register of Shipping	7.9	2	3.3	36,000
Raffles	Handysize	2004	N/A	1984	27	Panama	China Corporation Register of Shipping	10.7	3	2.9	38,000
Disposed vessels											
Cape Ore	Capesize	2010	2010	1981	N/A	Panama	N/A *(Note 2)*	7.9	N/A *(Note 2)*	N/A *(Note 2)*	128,000
Panamax Mars	Panamax	2004	2009	1980	N/A	Panama	N/A *(Note 2)*	8.7	N/A *(Note 2)*	N/A *(Note 2)*	62,000
Ally II	Handysize	2002	2008	1977	N/A	Panama	N/A *(Note 2)*	1.2	N/A *(Note 2)*	N/A *(Note 2)*	35,000
Jeannie III	Handysize	2001	2010	1977	N/A	Panama	N/A *(Note 2)*	1.1	N/A *(Note 2)*	N/A *(Note 2)*	35,000

Notes:

1. All our vessels, for purpose of safety classification society, were inspected and classified by the Isthmus Bureau of Shipping, Bureau Veritas, International Register of Shipping and China Corporation Register of Shipping, as the case may be.

2. Since we no longer own such vessel, we do not have the information regarding its current classification society, remaining estimated useful life and estimated residual value.

3. Estimated useful life means 30 years from the date of initial delivery from the shipyard. We determine the estimated useful lives of vessels mainly for calculating their depreciation amount. Our Directors consider that the actual useful lives of our vessels could be more than 30 years because: (i) it is not mandatory to scrap a vessel if it is more than 30 years old, and hence whether to scrap a vessel is a economic decision; and (ii) we owned and operated vessels that were older than 30 years during the Track Record Period. As at the year-end dates of the last five financial years, we have maintained at least 8 vessels. As of the Latest Practicable Date, we had no existing plan to downsize our fleet capacity.

As at the Latest Practicable Date, other than MV Zorina, we owned all of our vessels without encumbrances. MV Zorina, a Handymax vessel, was subject to a mortgage as security for our vessel financing in October 2008. The financing is expected to be fully repaid in October 2011 and we had not defaulted in repayment up to the Latest Practicable Date.

During the Track Record Period, our fleet taken as a whole maintained a utilization rate ranged from approximately 71.2% to approximately 85.1%. The following table sets forth the utilization rate of each type of our vessels during the Track Record Period:–

	Utilization rate *(Note)* **Year ended 31 December**		
Vessel Type	**2008**	**2009**	**2010**
Capesize	–	–	61.9%
Panamax	62.3%	57.8%	81.3%
Handymax	90.4%	78.2%	98.5%
Handysize	83.7%	79.9%	86.9%
Overall	**76.5%**	**71.2%**	**85.1%**

Note: The utilization rate for each vessel type is calculated based on the aggregated number of days during which the underlying vessel(s) was/were owned and operated by us, less such estimated aggregated number of off-hire days due to dry-docking or other repair and maintenance and the off-hire period in between two charter periods, divided by the aggregated number of days of the underlying vessel(s) owned and operated by us for the year (on the basis of 365 days per year).

The following tables set forth the details of calculating the utilization rate of each type of our vessels and the overall utilization rate of our fleet during the Track Record Period:–

	For the year ended 31 December 2008				
Vessel Type	**Aggregated number of days for which the type of vessel(s) was operated by us (A)**	**Aggregated number of days without charter hire due to repair and maintenance (B)**	**Aggregated number of days without charter hire for reasons other than repair and maintenance (C)**	**Aggregated number of days for calculating the average Daily TCE (A)-(B)-(C)**	**Utilization rate ((A)-(B)-(C))/(A)**
Capesize	–	–	–	–	–
Panamax	1,138	250	179	709	62.3%
Handymax	437	–	42	395	90.4%
Handysize	1,407	163	66	1,178	83.7%
Overall	2,982	413	287	2,282	76.5%

	For the year ended 31 December 2009				
Vessel Type	**Aggregated number of days for which the type of vessel(s) was operated by us (A)**	**Aggregated number of days without charter hire due to repair and maintenance (B)**	**Aggregated number of days without charter hire for reasons other than repair and maintenance (C)**	**Aggregated number of days for calculating the average Daily TCE (A)-(B)-(C)**	**Utilization rate ((A)-(B)-(C))/(A)**
Capesize	–	–	–	–	–
Panamax	1,098	143	320	635	57.8%
Handymax	730	57	102	571	78.2%
Handysize	1,095	72	148	875	79.9%
Overall	2,923	272	570	2,081	71.2%

	For the year ended 31 December 2010				
Vessel Type	**Aggregated number of days for which the type of vessel(s) was operated by us (A)**	**Aggregated number of days without charter hire due to repair and maintenance (B)**	**Aggregated number of days without charter hire for reasons other than repair and maintenance (C)**	**Aggregated number of days for calculating the average Daily TCE (A)-(B)-(C)**	**Utilization rate ((A)-(B)-(C))/(A)**
Capesize	278	49	57	172	61.9%
Panamax	1,321	3	244	1,074	81.3%
Handymax	730	4	7	719	98.5%
Handysize	952	45	80	827	86.9%
Overall	3,281	101	388	2,792	85.1%

For each of the three years ended 31 December 2010, the overall utilization rates of our vessels were approximately 76.5%, 71.2% and 85.1% respectively. The utilization rates of our Panamax vessels were relatively low as compared to those of other vessels in 2008 and 2009. Such low utilization rates were mainly due to the decrease in the number of spot charter contracts we secured in the second half of 2008 and first half of 2009, because of the contraction of global trade finance and global economic crisis as well as a drop in China's coal exports. These were also the primary reasons for the decrease in the utilization rate of our Handysize vessels in 2009. As our Handysize vessels were engaged in connection with the CoA made with a Singapore construction company during such period, the utilization rates of which was not significantly affected by the unfavourable economic condition in 2008 and 2009.

Following the global economic recovery, the utilization rates of our Panamax, Handymax and Handysize vessels were all improved in 2010. In particular, the utilization rate of our Handymax vessels reached approximately 98.5% in such year. The utilization rate of our Capesize vessel in 2010 was approximately 61.9%, which was mainly due to the non-operating time used for the repair and maintenance work performed after our acquisition in May 2010.

Our Directors are of the view that our diverse fleet could provide us with the flexibility to meet various needs of our customers. We intend to look for reasonably priced second-hand vessels to expand our fleet. To generate long-term value, we remain open to the possibilities of purchasing new vessels in the future. Our Directors are of the view that by expanding our fleet and optimising our fleet composition, we will be able to (i) maintain and consolidate our customer base; (ii) enhance our overall competitiveness; (iii) secure more stable charter hire income; and (iv) achieve a better cost-efficiency as a result of economy of scale.

Our policy on vessel investment and divestment

In general, we purchase vessels to replace existing vessels or to expand our total carrying capacity. A number of factors will be taken into account in making our decision on the purchases of vessels, which include the following: In line with the shipping industry practices and for safety reasons, our vessels generally undertake an overhaul in the intervals of every five years. For vessel replacement purpose, we compare the budgeted overhaul costs, the expected sale price of the relevant existing vessel, and the purchase price of a replacement vessel. For carrying-capacity expansion purpose, we would take into account, among others, the total carrying capacity and utilization rate of our vessels, the expected change in the demands for transport of dry bulk commodities and our financial position.

As mentioned above, when we consider that the benefits of purchasing a replacement vessel outweigh those of carrying out an overhaul of an existing vessel, we may proceed to sell such existing vessel (which is usually purchased by another shipper or by companies which dismantle the vessel and sell the usable parts and equipment and extract steel for re-use). Occasionally, we sell our vessels when there is a commercially justifiable offer and such sale will not affect our normal operations. For instance, in 2010, after our purchase of the vessel "MV Cape Ore", an Independent Third Party offered to purchase such vessel at a sale price which was higher than our original purchase price, and we concurrently identified a younger Capesize vessel with larger carrying capacity (namely, MV Cape Warrior) and as the proposed purchase price for which was reasonable, we decided to proceed with the sale of "MV Cape Ore" in the same year. Our Directors confirm that such vessel changing decision is a specific case of us and we are not engaged in the vessel trading business. Since the establishment of our Group, we have not sold any vessel because of over-capacity of our vessels or financial exigency of our Group.

As all the vessels owned by us during the Track Record Period and as of the Latest Practicable Date were second-hand vessels, there is no warranty period provided by the respective vendors.

During the Track Record Period, the sellers who sold the vessels to us and the purchasers who purchased the vessels from us are all Independent Third Parties.

Inspection work carried on vessel acquisition

To ensure the seaworthiness and quality of a pre-owned vessel we intend to acquire, we will first request our brokers to inspect the vessel. If the result of the inspection is satisfactory, our technical department would further conduct an in-depth inspection and examination on the vessel and engage professional divers to inspect the bottom part of the vessel to ensure there is no hidden defect in such part. We will then consider whether to acquire the vessel based on the results prepared by our technical department and the professional divers.

Chartering process

Generally, we offer two types of charter contracts to our customers, namely spot charter contracts and CoAs.

Spot charter contracts

Contracts secured on a spot basis are normally one-off and for charterers who demand for vessel chartering services on an ad hoc basis. During the Track Record Period, we secured all our spot charter contracts through shipping brokers, who acted as intermediaries between the charterers and us, and we enter into charter contracts directly with charterers. Shipping brokers possess information of the charterer's shipping requirements, including charter terms and preferred freight rates, as well as fleet composition and availability of us and other shipping companies. Basically, through the platform provided by shipping brokers, charterers are able to choose vessels which satisfy their shipping requirements while we, along with other shipping companies, can choose charterers that match our preference. Factors affecting our decisions in choosing charterers are mainly freight rates, our vessel availability and type of goods to be chartered. The negotiation of the charter terms and freight rates between the shipping companies and charterers are generally conducted through shipping brokers.

In particular, when a charterer confirms to choose our vessel, the shipping broker would notify us. We will then decide whether to accept the charter based on factors including freight rates, our vessel availability and type of goods to be chartered. If we accept the charter, we will schedule our vessels in accordance with the charterers' requirements and issue an invoice to them. The goods of the charterer will be loaded at the loading port and then be shipped to the destination port for discharge. We will unload the goods after we receive a full payment of charter-hire income from the charterer.

Generally, we determine our freight rates in two manners, namely voyage charter and time charter, which are applicable to CoA as well.

In voyage charter, subject to a minimum fixed freight (normally determined with reference to minus 10% of the tonnage capacity of the type of vessel), we charge freight rates based on the weight of cargos transported and we as shipowner are responsible for both operating costs and voyage costs of the vessels. Generally, operating costs represent the agency fees for our vessel crew, repair and maintenance, insurance and depreciation, while voyage costs mainly comprise bunkers and port charges. The final rates might be adjusted depending on the occurrence of demurrage or dispatch, if any. Additional charges will be imposed on the charterer in demurrage whereas credits will be given to the charterer in dispatch. We will issue the final invoice or credit note to the charterer after the above is ascertained.

In time charter, we charge charter-hire on a per day basis, and we are responsible for the operating costs of the vessels, while charterers are responsible for the voyage costs of the vessels and bear the risk of any delays at port or during the voyage, except for delays caused by us. The components comprising the operating costs and voyage costs are same as the voyage charter.

For spot charter contracts, it is our Group's general policy to request customers to prepay the charter-hire income in full before unloading of goods at the designated ports for voyage charter, and to prepay the charter-hire income in full for at least 10 days before the commencement of voyage for time charter. For CoAs, our management generally grants credit only to customers with good credit ratings. When the hire period completes, we will issue to the charterer a final invoice which mainly

adjusts the bunker charges. We will calculate the difference in the level of fuel remaining in the vessel both before the charter begins and after the charter completes. We will charge additional costs for the fuel deficit, whereas we will give credit notes for the fuel surplus. In the event of accidents, including natural disaster, during the course of chartering, other than war risks, the loss suffered in relation to the accidents would normally be covered by our insurance after making payment of a pre-determined minimal amount of deductible.

CoAs

Contracts of affreightment or CoAs are longer-term voyage charters for a contracted number of shipments or for a contracted tonnage of cargo to be transported by a series of voyages for an agreed period with a pre-determined freight rate. CoAs could be secured through shipping brokers as well as shipping companies themselves. The process of securing CoAs through shipping brokers is similar to the process in spot charter contracts. During the Track Record Period and up to the Latest Practicable Date, our CoAs could be categorised into two types:

(1) CoA regarding transportation of sea sand

We entered into the 2007 CoA with the Singapore construction company in 2007 on voyage charter basis for a fixed freight rate per ton of cargo shipped. Pursuant to the 2007 CoA, we have agreed to transport a certain agreed volume of sea sand for the customer at a pre-determined fixed rate. Despite that the 2007 CoA will be expired in May 2012, the obligations between the parties have been completely fulfilled. We further entered into the 2011 First CoA with the Singapore construction company in May 2011. Pursuant to the 2011 First CoA, we have agreed to transport a certain agreed volume of sea sand for the customer at a pre-determined fixed rate during the period between August 2011 and July 2013. The credit period given to the customer is 30 days. If the agreed volume of sea sand could not be delivered by us within the contract period, the Directors confirm that the contract period will be reasonably extended according to the common practice of the industry and the customer is obliged to pay the outstanding amount in respect of such volume of sea sand to us. None of our vessels are designated exclusively for the 2007 CoA, and we fulfill the customer's requirement by sending our Handysize, Handymax and Panamax vessels for such voyages.

The Singapore construction company is ultimately owned by three individuals who are Independent Third Parties. It has been principally engaged in the business of building construction in Singapore since 1980's. Since the Singapore construction company is sizable, has a good track record, is a qualified supplier for the government and has been successful in tendering for governmental construction projects, the Directors consider that the financial situation of the Singapore construction company is stable.

In May 2011, we entered into the 2011 Second CoA with another Singapore construction company on voyage charter basis. Under the 2011 Second CoA, we have agreed to transport certain agreed volume of sea sand for the charterer at a pre-determined fixed rate during the period between July 2011 to July 2013. The credit period given to this Singapore construction company is 30 days.

(2) CoA regarding transportation of steam coal

We also entered into the China Coal CoA on voyage charter basis with China Coal, our top five customer during the Track Record Period, in May 2011. Pursuant to the China Coal CoA, we have agreed to transport a certain agreed volume of steam coal for China Coal at a pre-determined fixed rate during August 2011 to July 2012. The credit period given to China Coal is 30 days.

As of the Latest Practicable Date, the 2007 CoA was fully performed, and we had three CoAs in progress. Please refer to the section headed "Risk Factors – The revenue from the China Coal CoA, the 2011 First CoA and the 2011 Second CoA may not evenly distributed during the contract periods" for details.

Our focus

A significant portion of our revenue was derived from spot charter contracts during the Track Record Period. For each of the three years ended 31 December 2010, spot charter contracts accounted for approximately 81.8%, 46.5% and 75.5% of our total revenue respectively; whereas the 2007 CoA accounted for approximately 18.0%, 52.2% and 23.9% of our total revenue respectively. We will continue concentrating on securing spot charter contracts, since our Directors believe that spot charter contracts would increase our flexibility in scheduling our vessels to meet our charterers' disparate requirements and capturing the potential upside of the shipping market. Nevertheless, we will also seek suitable opportunities to secure CoAs to enable us to have relatively stable revenue during the contract period.

Freight rates

The following table sets forth our average freight rates for each type of our vessels during the Track Record Period:

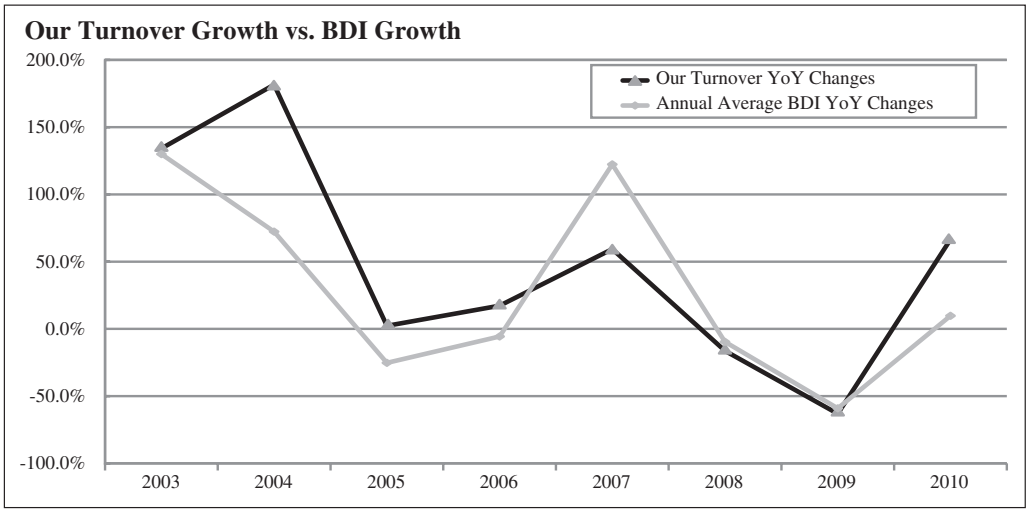
	2008	**2009**	**2010**	**1st quarter of 2010**	**1st quarter of 2011**
	Our average freight rates	**Our average freight rates**	**Our average freight rates**	**Our average freight rates**	**Our average freight rates**
	(Note 1)	*(Note 1)*	*(Note 1)*	*(Note 1)*	*(Note 1)*
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Capesize	–	–	16.6	38.4	15.1
Panamax	39.4	19.1	16.3	20.2	15.3
Handymax	29.6	12.0	17.8	19.0	19.5
Handysize	30.4	9.8	15.8	16.9	14.0

Notes:

1. The average freight rate is calculated based on the turnover derived from the type of vessel of the period divided by the number of voyage days for such type of vessel.

Comparison of our revenue growth with Baltic Dry Index growth

The graph below sets forth the comparison of our revenue growth with the Baltic Dry Index growth between 2003 and 2010 (the "**Comparison Period**").



As shown above, during the Comparison Period, our revenue growth was generally in line with or sometimes outperformed the year-on-year growth rate of the annual average of Baltic Dry Index (the "**BDI Growth Rate**"), except in 2007, 2008 and 2009.

In 2007, our revenue growth rate was approximately 59.4%, which was lower than the BDI Growth Rate of approximately 122.3% because the BDI Growth Rate was driven more by larger vessels (such as Capesize and Panamax vessels) than smaller vessels, and our Group did not have Capesize vessels at that time.

In 2008, our revenue growth rate was approximately -16.3%, which underperformed the BDI Growth Rate of approximately -9.6%. Likewise, our revenue growth rate in 2009, which was approximately -63.1%, underperformed the BDI Growth Rate of approximately -59.0%. Our underperformance in 2008 and 2009 was attributable to the volatile Baltic Dry Index and the lower utilization rate of our fleet as a result of the global contraction of trade finance, global economic crisis and drop in China's coal export.

Save for the above periods, our revenue growth rate was in line with or even outperformed the BDI Growth Rate during the Comparison Period. In 2004, our revenue growth rate of approximately 181.6% and was significantly higher than the BDI Growth Rate of approximately 72.3% in such year. In 2005, even though our revenue growth rate of approximately 2.3% was relatively low, it still outperformed the BDI Growth Rate of approximately -25.3%. In 2010, our revenue growth rate of approximately 66.5% was substantially higher than the BDI Growth Rate of approximately 9.7% in 2010. Our Directors are of the opinion that the general correspondence of our revenue growth rate with the BDI Growth Rate and our outperformance in 2004, 2005 and 2010 are partly because of our business model, which have placed more reliance on spot charter and allowed our Group to capture the market change by agreeing to more competitive freight rate during economic boom.

Fleet management

Our fleet is primarily managed by our own internal departments, namely the (i) operations department; (ii) technical department; (iii) safety and systems department; and (iv) financial and administration department.

Operations department

Our operations department is primarily responsible for monitoring the overall vessel scheduling of our fleet, crew placement and liaison with all parts agents. This department is also responsible for planning and scheduling our fleet as a whole and individually to meet the requirements of our customers. Our Directors are of the view that our operations department could optimize each voyage of our vessels in terms of time and cost saving.

This department also monitors the status and movement of each of our vessels through direct communication, e-mailing and our global positioning system. Our Directors believe that such methods could ensure our vessels are sailing in accordance with scheduled routines and timing.

Technical department

Our technical department is primarily responsible for regular and ad hoc checking of each of our vessels. Senior staff members of the department are responsible for supervising all repairs and maintenance work on site to ascertain such work is properly performed. The department is also responsible for vessel inspection prior to our vessel acquisitions.

Safety and systems department

Our safety and systems department primarily provides safety management services to our vessels. The department performs internal regular and ad hoc audits to comply with international rules and regulations of international organizations such as the IMO.

Financial and administration department

Our financial and administration department is primarily responsible for the finance and accounting for our Group as well as preparing budgets and forecasts in accordance with our board of directors and reporting to our managing Director regularly. The department is also responsible for monitoring our internal control.

Sales and marketing

During the Track Record Period, we secured our charter contracts through intermediaries such as shipping brokers as well as directly through our marketing activities. All of our spot charter contracts were secured through shipping brokers, whereas the 2007 CoA made with a Singapore construction company was secured through our Shanghai representative office. During the Track Record Period, our revenue generated through shipping brokers was approximately US$62 million, US$13.4 million and US$35.4 million, representing approximately 82.0%, 47.8% and 76.1% of our total revenue

respectively; and our revenue generated from our sales and marketing department was approximately US$13.6 million, US$14.6 million and US$11.1 million, representing approximately 18.0%, 52.2% and 23.9% of our total revenue respectively.

Shipping brokers possess information of the charterer's shipping requirements, including charter terms and preferred freight rates, as well as fleet composition and availability of us and other shipping companies. Basically, through the platform provided by shipping brokers, charterers are able to choose vessels which satisfy their shipping requirements while we, along with other shipping companies, can choose charterers that match our preference. Factors affecting our decisions in choosing charterers are mainly freight rates, our vessel availability and type of goods to be chartered. The negotiation of the charter terms and freight rates between the shipping companies and charterers is generally conducted through shipping brokers.

In particular, when a charterer confirms to choose our vessel, the shipping broker would notify us. We will then decide whether to accept the charter based on factors including freight rates, our vessel availability and type of goods to be chartered. If we accept the charter, we will schedule our vessels in accordance with the charterers' requirements and issue an invoice to them. The goods of the charterer will be loaded at the loading port and then be shipped to the destination port for discharge. We will unload the goods after we receive a full payment of charter-hire income from the charterer.

Shipping brokers only act as intermediaries, and we directly enter into charter contracts with the charterers. The charterers pay the service fees directly to us, and we pay approximately 2.5% to 5.0% of our services fees to the shipping brokers as commission. During each of the three years ended 31 December 2010, we secured charter contracts through eight, four and six shipping brokers respectively. During the Track Record, we did not enter into any long-term contracts with shipping brokers, and other than Way-East, the Directors confirm that, after making reasonable enquiries, all of our shipping brokers are Independent Third Parties.

We currently do not have any particular plan to expand our sales and marketing department, and our Directors believe that we will continue to secure most of our spot charter contracts through shipping brokers.

Our sales and marketing activities are managed by our sales and marketing department. The department is primarily responsible for planning and formulating our business development strategies and long-term marketing plans. The department is also responsible for securing new customer accounts and managing relationships with our existing charterers. Upon receipt of a quotation request from a charterer, we will calculate our freight charges based on estimated cost and the prevailing market rates, and accordingly provide a quotation to the charterer. The freight rates are either based on daily rate for time charter or tonnage rate for voyage charter depending on the charterer's requirements.

Our marketing activities are mainly conducted through our Taiwan office and representative office in Shanghai, which target on potential charterers in Asia and the PRC respectively. During the Track Record Period, we were able to secure a CoA through our Shanghai representative office. Despite the fact that most of charter contracts were secured through shipping brokers during the Track Record Period, the Directors believe that other than the revenue generated from the CoA, the marketing activities conducted through our representative offices could assist us in maintaining a closer relationship with our existing charterers and to seek new charterers.

Ship management

During the Track Record Period, we conducted ship management activities with a minimal extent. For each of the three years ended 31 December 2010, our revenue generated from ship management was approximately US$140,000, US$360,000 and US$264,000, representing approximately 0.2%, 1.3% and 0.6% of total revenue respectively. During the Track Record Period, we disposed of several vessels, without the purpose of trading, to a few buyers, where some of the buyers lack experience in managing and operating vessels. As a result, we assist them in managing their vessels by charging them a ship management fee in return. Our scope of services mainly covers port arrangement and repair and maintenance arrangement. Our Directors are of the view that our revenue derived from ship management is insignificant to our financial performance.

Investment and structured deposit

When we have short-term excess cash flow, we occasionally make conservative investments. As at 31 December 2010, our held-for-trading investments and structured deposit were approximately US$742,000 and US$1 million respectively.

During the Track Record Period, we made certain held-for-trading investments. We subscribed approximately one million shares in one of the largest PRC banks during its initial public offering in Hong Kong in 2006, and such shares were sold in 2009 with approximately 100% profit. We also subscribed one million TDR shares in a Chinese shipyard company listed in the SGX during its offering in Taiwan in 2010, and we are still holding such shares.

We have adopted a policy in relation to our investment in financial instruments. Our investment is restricted to shares of listed companies, and the investment amount is restricted to not more than 5% of our cash balance. Any proposed investment has to be approved by the Board and the Audit Committee. If the investment is approved and made, our management will review and monitor such investment on a weekly basis and will sell the shares when consider appropriate.

We placed a structured deposit of US$1,000,000 with a bank in Hong Kong in April 2010, The annual coupon rate is within 1% to 3% and the deposit matures in April 2013. When we were obtaining a letter of credit facility from the bank in 2010, our Directors intended to obtain an interest income from the deposit with the bank in relation to the letter of credit facility, we therefore placed such structured deposit with the bank. See note 25 of Appendix I to this document for further details of this structured deposit.

As at the Latest Practicable Date, we did not have any particular plan with regard to investment in financial instruments.

CUSTOMERS

For each of the three years ended 31 December 2010, our revenue was approximately US$75.7 million, US$27.9 million and US$46.5 million respectively. For each of the three years ended 31 December 2010, our five largest customers together accounted for approximately 56.7%, 72.4% and 57.7% of our total revenue respectively; and our largest customer accounted for approximately 18.1%, 52.2% and 23.9% of our total revenue during the same period respectively.

Our five largest customers during the Track Record Period included Daeyang Shipping Co., Ltd, Winning Shipping (HK) Co., Ltd, China Coal, and Shaoguan Jiameng Fuel Co., Ltd. Our business relationship with our top five customers during the Track Record Period was approximately 2 years to 8 years.

As at the Latest Practicable Date, none of our Directors or their respective associates, and none of the existing Shareholders who (to the best knowledge of the Directors) own more than 5% of the issued share capital of our Company, had any interest in any of the five largest customers during the Track Record Period.

The following table sets forth the breakdown of shipment revenue attributable to each type of our dry bulk commodities transported during the Track Record Period:–

Breakdown by percentage of revenue

	For the years ended 31 December		
	2008	**2009**	**2010**
Coal	69.8%	30.4%	51.3%
Sea sand	18.3%	52.7%	23.9%
Bauxite	7.9%	8.5%	15.5%
Iron ore	0.7%	1.3%	7.1%
Others	3.3%	7.1%	2.2%
Total	100.0%	100.0%	100.0%

Payment terms

Our Group has a policy of requesting certain customers to prepay the charter-hire income in full before discharging for voyage charter and prepay the charter-hire income for time charter in relation to our spot charter contracts, the balance of trade receivables at the end of the reporting period are normally low. For our CoAs, our management generally grants credit only to customers with good credit ratings and also closely monitors overdue trade debts. Such credit terms normally range within two weeks. The actual credit terms granted to these customers are determined based on our past experience with them and their payment track records. For new customers, we will conduct background checks and assessment of their credit worthiness prior to entering into any charter contract.

The unsettled trade receivables are monitored on an ongoing basis and followed up by the finance department. Our management reviews the recoverable amount of each individual receivable regularly to ensure that follow up actions are taken to recover overdue debts and adequate impairment losses. Bad debts will be written off against trade receivables.

During the Track Record Period, our invoices were mostly denominated in US dollars and the payments which we received from our customers were mainly settled in US dollars.

SUPPLIERS

For each of the three years ended 31 December 2010, our five largest suppliers together accounted for approximately 71.4%, 42.8% and 47.0% of our total cost of services respectively; where the largest supplier accounted for approximately 26.8%, 15.7% and 23.7% of our total cost of services during the same period respectively.

Our five largest suppliers during the Track Record Period included vessel crew agent, repair and maintenance service providers and petroleum suppliers. Our business relationship with our top five suppliers during the Track Record Period was approximately 2 years to 10 years.

As at the Latest Practicable Date, none of our Directors or their respective associates, and none of the existing Shareholders who (to the best knowledge of the Directors) own more than 5% of the issued share capital of our Company, had any interest in any of the five largest suppliers during the Track Record Period.

Payment terms

We did not enter into any long-term contract with bunker suppliers or shipyards during the Track Record Period. Bunker fees payable to bunker providers are generally payable within 30 days after the delivery of bunker. Payments to shipyards for repair and maintenance are generally made by instalments, part of which shall be payable during the dry-docking, and the balance of which shall be payable in one lump sum or normally two instalments within 30 days to 60 days after completion of the dry-docking. The fees and costs payable to the suppliers are mainly settled in US dollars.

During the Track Record Period, we did not experience any material dispute with our suppliers.

AWARDS AND RECOGNITIONS

Since our listing on the SGX-ST in 2005, we have been granted a number of awards and recognitions by recognized organizations in respect of our business:

- Ranked the world's 10th best shipping company for financial performance in 2006 by Marine Money International
- Awarded the world's best shipping company for financial performance in 2007 by Marine Money International
- Awarded "Asia's 200 best small and midsize companies" by Forbes Asia in 2008
- Ranked the world's 10th best shipping company for the financial performance in 2008 by Marine Money International

Our Directors believe that these awards and recognitions signify our advantageous position in the shipping industry in Asia.

REPAIR AND MAINTENANCE OF OUR FLEET

To ensure the seaworthiness and safe operation of our vessels, we have been closely monitoring the conditions of our vessels. Our vessels are classed by China Corporation Register of Shipping, Isthmus Bureau of Shipping, International Register of Shipping and Bureau Veritas, which are classification societies recognised by Panama, the flag state of our vessels. A classification society is an organisation whose main function is to carry out surveys of ships while being built and at regular intervals after construction, its purpose being to set and maintain standards of construction and upkeep for ships and their equipment. Each classification society has a set of rules governing the requirements for surveys and, for a ship to maintain her class, she must comply with these rules. In most countries, it is not obligatory for a ship owner to have his ship classed but there would be considerable difficulties in trading if the ship were not, since it is often a condition of the ship's insurance and a requirement of most charterers and shippers. Classification societies also inspect and approve the construction of shipping containers. These organisations exist in most of the principal maritime countries. In order to maintain the classification status, our vessels undergo regular and ad hoc surveys by the qualified surveyors of the classification societies. These surveys include special surveys in every five years, intermediate surveys in approximately every two and a half years, annual surveys each year and ad hoc surveys following an accident or whenever necessary.

To maintain the classification status upon expiry of the five-year class period, the special survey required for class renewal has to be satisfactorily completed. As a special survey involves thorough vessel examination and is time-consuming, it may be split to be carried out over the five-year class period. Normally, a special survey will require the vessel to be dry docked for below waterline inspection, during which the vessel will generally be out of operation. An intermediate survey may also require the vessel to be dry docked, unless an alternative inspection has been requested by the ship owner and accepted by the relevant classification society taking into account the age and condition of the vessel. An annual survey can be carried out during loading and unloading of the vessel's cargoes.

Classification societies certify that a particular vessel has been built and maintained in compliance with their own rules and regulations and in compliance with the applicable laws and rules of the flag state as well as with international conventions which that flag state is a member of. These certifications are required as evidence of the seaworthiness of the vessel and class maintenance with the classification society. The due date of the next special survey in respect of each of our vessels as at the Latest Practicable Date is as follows:

Vessel name	**Due date of the next special survey**
Cape Warrior	13 June 2015
Courage	3 March 2014
Sea Pioneer	3 December 2013
Valour	15 February 2015
Bravery	31 March 2013
Raffles	3 September 2013
Heroic	18 September 2012
Panamax Leader	31 March 2013
Zorina	24 July 2013

During the Track Record Period, as a pre-condition to the maintenance of classification certificates of the vessels, various performance tests, maintenance items and repair works were carried out on our vessels to the satisfaction of the surveyors as required by the class rules and regulations of Isthmus Bureau of Shipping, Bureau Veritas, International Register of Shipping and the China Corporation Register of Shipping.

Our personnel on shore and the crews on board undertake regular maintenance of our vessels. The captain on board is responsible for ensuring the proper maintenance of the engine and equipment. Our technical and ISM compliance officers provide training to senior crew officers on the ISM Code-based vessel operation procedures and other security measures. These senior crew officers are in turn responsible for the routine maintenance of different parts of the vessels.

During the repair and maintenance process, our technical team is stationed in the shipyard and is substantially involved in the process. Due to their experience in engineering and the shipping industry, our technical team is able to closely supervise, give on-site opinion regarding and promptly respond to the matters discovered during the repair and maintenance process.

Our executive Director, Chen Shin-Yung, is responsible for supervising all repairs and maintenance work on site and he has substantial experience in the area of repair and maintenance in the shipping industry. Our Deputy General Manager (Systems and Standard Compliance), Chiu Chi-Shun, is responsible for quality assurance and safety management of our fleet, and carrying out internal audit in order to comply with various international rules and regulations. Chiu Chi-Shun has extensive experience of over 25 years in surveying, auditing and inspection of vessels. See "Directors, senior management and staff" for details of their qualifications.

Our repair and maintenance service provider is approved by internationally recognised classification societies such as China Classification Society.

During the Track Record Period and as at the Latest Practicable Date, all of our existing and disposed vessels had successfully renewed and maintained their classification certificates with Isthmus Bureau of Shipping, Bureau Veritas, International Register of Shipping and China Corporation Register of Shipping, where applicable.

Our Directors believe that the maintenance of our vessels' classification status with these international reputable classification societies as well as implementation of our maintenance policy can ensure that our fleet lives up to the international standards and is fit for shipping. In addition, as at the Latest Practicable Date, the average age of our vessels was approximately 26 years, which is higher than the average age of other vessels in the industry, and therefore our maintenance cost is also higher. For each of the three years ended 31 December 2010, our repair and regular maintenance expenses incurred were approximately US$2 million, US$1.9 million and US$2 million respectively, representing approximately 5.9%, 6.5% and 5.8% of our cost of services respectively.

None of our vessels suffered from pirate attacks during the Track Record Period and as at the Latest Practicable Date. We have, in accordance with the ISM Code, adopted and implemented anti-pirate attack policies and procedures to minimize our chance of suffering from pirate attacks.

INSURANCE AND P&I

We seek to maintain comprehensive insurance coverage to protect us against risks related to physical damage to our vessels and vessel equipment as well as liabilities arising from accidents involved in our course of normal business operations. Our insurance policies are typically as follows:

Hull and machinery insurance

During the Track Record Period, we had maintained hull and machinery insurance and war risk insurance for each of our vessels whereby our vessels are insured against, inter alia, physical damage to the vessel's hull and machinery, maritime perils and war-related risks. These policies normally have a 12-month term subject to annual renewal. Our vessels are generally covered up to their respective market value, which will be reviewed as and when the insurance policies come to a renewal.

P&I

During the Track Record Period, we had maintained protection and indemnity insurance which covered for claims relating to our liabilities arising from, among others, the operation of our vessels; injury, illness or death to crew or other third parties, carriage of cargoes on the vessels, the collision between the vessels or the vessel with a fixed or moveable object, pollution arising from oil or other polluting substances and liabilities arising from the raising, removal, destruction or marking of the wreck of the vessels or vessel equipment, costs and expenses in respect of life salvage payable to third parties. The P&I is a mutual insurance which implies that should any P&I Association (of which we are a member) face special circumstances with unexpected losses, we, as a shipowner member of such P&I Association, may be exposed to premium obligations beyond the agreed total call. On the other hand, we are assured of access to the reinsurance arrangement as arranged by the International Group of P&I Associations. We did not receive any additional funding calls from the P&I Associations of which we are a member during the Track Record Period.

For each of the three years ended 31 December 2010, we incurred an aggregate of approximately US$1.7 million, US$1.6 million and US$2.4 million as insurance (including P&I) premium and provision payment of its various insurance policies respectively, representing approximately 4.7%, 5.5% and 6.8% of our cost of services respectively.

Our Directors confirm that our insurance policy with the American Steamship Owners Mutual Protection and Indemnity Association ("American Club") is not a continuing connected transaction given Hsu Chih-Chien's directorship in the American Club, as Hsu Chih-Chien has no equity interest in the American Club. Save as disclosed in this document, we did not have any other outstanding material insurance claims as at the Latest Practicable Date.

EMPLOYEES

The following table sets forth the details of our full-time employees by division or function as at the Latest Practicable Date:–

Function	Number of Employees
Management	7
Finance/administration	5
Sales, marketing and operation	5
Technical	3
Safety and Systems Department	2
Total	22

We have engaged a PRC crewing agency company, Tianjin Cross-Ocean, to supply crew members to operate our vessels. See "Business – Crew agent" for details of Tianjin Cross-Ocean. As a result, we could maintain a small number of full-time employees, and our Directors believe that this enables us to maintain a relatively low administrative cost to correspond to our low cost operating structure.

Staff training

During the Track Record Period, we provided both internal and external training courses in respect of the recent development of the shipping industry and international shipping regulations for our staff.

The internal training courses provided to our staff were free of charge and was presented by our senior or experienced staff members who have the relevant experience and qualifications in the training topics. During the Track Record Period, we offered internal courses on explaining the ISM Code to our staff.

Most of our training courses were presented by external organizations to our staff during the Track Record Period. Such topics included updates on the international shipping regulations and vessel operations organised by organisations including certain vessel inspection centres and regional governmental bodies.

CREW AGENT

We engage a crew agency company, Tianjin Cross-Ocean, to supply crew members to operate our vessels. Tianjin Cross-Ocean, an Independent Third Party, is a PRC domestic-invested company and is principally engaged in the business of vessel crew supply and ship management. Vessel crew supply is regulated by the relevant PRC authority. The largest shareholder of Tianjin Cross-Ocean ("Tianjin Parent") is a Chinese stated-owned enterprise, which owns 41% of equity interest in Tianjin Cross-Ocean and is principally engaged in the field of international economic cooperation. Its predecessor

is the Bureau of Economic Relations with Foreign Countries in Huabei Area, the PRC. The other registered shareholders of Tianjin Cross-Ocean are 12 individuals, each of whom holds between 2% to 13.5% equity interests in Tianjin Cross-Ocean. Tianjin Cross-Ocean has been supplying vessel crew for different shipping companies.

Tianjin Parent supplied crew members to our vessels during the period of 2001 and 2009. Our PRC legal advisers opined that Tianjin Parent had obtained all the necessary licenses and permits at the relevant time for the provision of crew services to us as required under the then applicable PRC laws and regulations. Due to the internal restructuring of Tianjin Parent pursuant to state reforms, Tianjin Cross-Ocean replaced Tianjin Parent as our crew agent, and therefore from 2009 onwards, Tianjin Cross-Ocean has been supplying crew members to us. Under our agreement with Tianjin Cross-Ocean, the crew members supplied by Tianjin Cross-Ocean to us are not designated to particular vessels, and different crew members may be assigned for each vessel voyage. In practice, senior ranked crew members (such as vessel captains) are often stationed in the same vessel for consecutive voyages and for a longer period of time. In 2010, five of our captains had worked at our vessels for three years or more.

The contract period of the crew agency agreement entered into between Tianjin Cross-Ocean and us in November 2009 is indefinite, which could be terminated by a two months notice given by either party. Tianjin Cross-Ocean shall supply crew members with necessary qualifications in accordance with applicable rules and regulations. We are responsible for the payrolls to the crew members and P&I insurance policy which covers such members' death and personal injuries occurred outside China.

To ensure that the crew members supplied by Tianjin Cross-Ocean are properly qualified and certified in accordance with the applicable codes, rules and regulations, each crew member must, before boarding our vessels, present to us a valid license as a qualified seaman issued by the relevant PRC governmental authority. In order to comply with the ISM Code, we do not allow any non-licensed crew member to work in our vessels. We provide on board training in respect of safety and management to the crew.

During the Track Record Period, and up to the Latest Practicable Date, we did not have any incident of non-compliance or breach of the relevant crewing requirements as prescribed under the relevant rules, regulations, codes and guidelines.

License of Tianjin Cross-Ocean

During the Track Record Period and up to 17 May 2011 (the "**Relevant Period**"), Tianjin Cross-Ocean did not obtain a license called 船員服務機構許可證（甲級） (the "**Relevant License**") for their provision of crew agency services in the PRC as required under the PRC laws. Based on the information from our PRC legal advisers and Tianjin Cross-Ocean, our Directors understand that none of the crew agents in the PRC obtained the Relevant License during the Relevant Period.

In relation to the non-compliance of Tianjin Cross-Ocean during the Relevant Period, our PRC legal advisers opined that (i) we will not be subject to any legal liability on our engagement with Tianjin Cross-Ocean and (ii) our crew agency agreement with Tianjin Cross-Ocean might be held invalid unless the Relevant License is obtained.

Tianjin Cross-Ocean obtained the Relevant License on 18 May 2011. The Relevant License will expire on 17 May 2016 subject to renewal. Going forward, our Directors will ensure that our crew agents will possess all licenses as required under the relevant laws.

The 2009 incident

According to a report given by the then captain of MV Courage, in July 2009, when MV Courage was anchored at the waters within the territory of China, one of the crew members ("**Mr. Cui**") felt unwell with symptoms of headache, high blood pressure, stomachache, vomit and low body temperature. The other crew members contacted a hospital for medical consultation, and as advised by the duty doctor of that hospital, Mr. Cui received some medications. Mr. Cui's symptoms were relieved immediately after taking the medications, but felt unwell again a few hours after that. The captain immediately decided to send Mr. Cui to a nearby hospital for medical assistance. Unfortunately, Mr. Cui died after receiving medical treatment at the hospital. According to the death certificate of Mr. Cui issued by a PRC hospital, the cause of Mr. Cui's death was unknown. The Directors confirm that there is no finding that Mr. Cui's death was due to any fault of accident by any parties. Since Mr. Cui was an employee of Tianjin Cross-Ocean, Tianjin Cross-Ocean was responsible for handling the matters arising from the death of Mr. Cui.

Although Mr. Cui was not our employee, since Mr. Cui had been serving us for over 5 years and he was the breadwinner of his family, Tianjin Cross-Ocean and we decided to pay his family RMB200,000 and RMB600,000 respectively as exgratia payment. In August 2010, we received a receipt and release document from the family of Mr. Cui, which confirms their receipt of the payment of RMB800,000 and the complete settlement of the incident.

According to the legal opinion issued by our PRC lawyers, since Mr. Cui's family have confirmed the complete settlement of the incident pursuant to the receipt and release document we received from Mr. Cui's family, (i) such incident has been completely settled; and (ii) we will not be liable to any additional damages or bear any liabilities under the applicable PRC laws arising from the incident.

Our PRC legal advisers are of the opinion that we have no contractual or employment relationship with such crew members under the PRC laws, and we are not subject to any liabilities arising from the employment relationship between Tianjin Cross-Ocean and the crew members.

REGULATORY COMPLIANCE

The ship owning and managing industry is highly regulated and our vessels must be operated within the rules, international conventions and regulations adopted by the IMO, including:–

- SOLAS Convention
- the International Convention for the Prevention of Pollution from Ships
- the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers

- the ISM Code
- the International Ship and Port Facility Securities Code

For further information on the laws, regulations, rules, codes and guidelines concerning the safe management and operation of ships and for pollution prevention, see "Regulatory Overview".

During the Track Record Period, we did not incur any specific cost of regulatory compliance, and we do not expect to incur such cost in the future. Instead, our safety management staff would be responsible for the regulatory compliance in accordance with the requirements of the ISM Codes and our Directors are of the view that such arrangement would be sufficient to ensure our regulatory compliance. Our Directors are of the view that we will continue to provide on-going staff training and updates in respect of the relevant laws, regulations and conventions in relation to the shipping industry and to have regular maintenance for our vessels in order to ensure our on-going compliance with the laws, regulations and conventions of each country and port our vessels visit.

Our Directors confirm that Panama, Taiwan and Hong Kong are the material jurisdictions in relation to our operation. Our Panama, Taiwan and Hong Kong legal counsels are of the opinion that we have obtained all the relevant licenses and permits as required for the operation of our business under the applicable laws and regulations in Panama, Taiwan and Hong Kong respectively, and comply with all relevant laws and regulations for the operation of our business in Panama, Taiwan and Hong Kong respectively. Our Directors confirm that we complied with all relevant laws, rules and regulations in relation to the operation of our business in all material respects during the Track Record Period.

ENVIRONMENTAL PROTECTION

Our safety and environment policies are implemented through our current safety management system which complies with the requirements of the ISM Code. Each of our vessels has been issued and has maintained the relevant certificates issued by China Corporation Register of Shipping, Isthmus Bureau of Shipping and Bureau Veritas pursuant to the ISM Code for compliance with various requirements relating to prevention of air pollution, oil pollution and other kinds of marine pollution.

During the Track Record Period, we did not incur any specific cost of compliance with the applicable environmental rules and regulations, and we do not expect to incur such cost in the future. Instead, our safety management staff would be responsible for the compliance of our environmental policies in accordance with the requirements of the ISM Codes and our Directors are of the view that such arrangement would be sufficient to ensure our compliance with the applicable environmental rules and regulations.

As at the Latest Practicable Date, the average age of our vessels was approximately 26 years, which is significantly higher than the average age of other vessels in the industry. Older vessels might generally tend to emit more pollutants than younger vessels. In the event that there are more stringent environmental regulations on emission requirements, our Directors are of the view that our safety management team will endeavor to ensure our vessels will satisfy such requirements, and if necessary, we will acquire younger vessels to replace our older vessels to meet the relevant emission standards. Our Directors confirm that there was a change in the MARPOL (see "Regulatory Overview"

for details) in 2010, which requires us to maintain records regarding the usage of ozone depleting substances on our vessels. To ensure our compliance with the new environmental regulations, we require our crew to maintain records regarding the injection of the ozone depleting substances into the refrigerators and air-conditioners installed on our vessels. We are not required to incur material costs to comply with the new regulations. As of the Latest Practicable Date, the Directors were not aware of any potential change in the environmental regulations.

Our Directors confirm that Panama, Taiwan and Hong Kong are the material jurisdictions in relation to our operation. According to the legal opinions issued by our Panama, Taiwan and Hong Kong legal counsels, we have complied with applicable environmental protection laws and regulations in Panama, Taiwan and Hong Kong respectively. Our Directors confirm that we have not committed any material breaches of the relevant environmental protection laws, rules and regulations during the Track Record Period.

PROPERTIES

As at Latest Practicable Date, we owned Unit 1801 on 18th Floor of West Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong as our principal office in Hong Kong. Part of such premises are leased to First US Capital for HK$28,000 per month from 1 September 2010 to 30 August 2013.

We rent Unit B, 5th Floor, Transworld Commercial Center, No.2, Section 2 of Nanking East Road, Taipei, Republic of China as our principal office in Taiwan, at a monthly rental of approximately NT$262,000 (equivalent to approximately US$8,900) and the tenancy agreement will expire on 30 June 2011.

We also rented Room 1, Unit 19D, No.137, Xianxia Road, Changing District, Shanghai, the PRC for our representative office in Shanghai, at a monthly rental of approximately RMB5,900 (equivalent to approximately US$800) plus US$1,300, and the tenancy agreement will expire in December 2011.

In October 2010, we entered into the AIC-SP Agreement with Mr. Chang, pursuant to which we may be entitled to the ownership of the PRC Property upon completion in April 2011, subject to, as advised by our PRC legal adviser, fulfilment of certain conditions under the PRC law by the present legal title owner of the PRC Property and us, which include obtaining certain permits and approvals from the relevant PRC authorities. Mr. Chang and we further entered into the Supplemental AIC-SP Agreement where the Long Stop Date for fulfilment of the conditions for completion of the transfer of property interest under the AIC-SP Agreement was changed from April 2011 to March 2012. On the same date of signing the Supplemental AIC-SP Agreement, Wu Chao-Huan and Hsu Chih-Chien, our Directors and Controlling Shareholders, also signed a deed of indemnity in which they will jointly and severally indemnify us against losses, costs and expenses which we may suffer or incur as a result of default on the part of Mr. Chang to perform his obligations under the AIC-SP Agreement to the extent of the outstanding balance due from Mr. Chang. For further details regarding the background of such AIC-SP Agreement, please refer to the section headed "Business – Investment in Sunrise and AIC" of this document.

For further information on our properties, please refer to Appendix III to this document.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, we were the registered owner of two trademarks with the Hong Kong Trademark Office in Hong Kong. As our Directors believe that we can be easily identified and distinguished in the industry even without the trademark, our Directors consider that we are not necessary to register our trademarks in all jurisdictions where we operate. We were also the registered owner of the domain name of www.couragemarine.com as at the Latest Practicable Date.

For further information on our intellectual property rights, please refer to Appendix VI to this document.

INVESTMENT IN SUNRISE AND AIC

We entered into a conditional sale and purchase agreement (the "**First Agreement**") with (i) Mr. Chang; (ii) Sunrise; and (iii) certain existing shareholders of Sunrise in August 2007, pursuant to which we shall acquire and Mr. Chang shall procure Mio Corp., a company beneficially owned as to 80% by Mr. Chang, to sell 11,200,420 ordinary shares of NT$10 each (the "**Purchased Shares**"), representing 25% of the issued share capital of Sunrise from Mio Corp. for a purchase price of approximately NT$111 million (the "**Purchase Price**"). Upon completion of the First Agreement, AIC, as our nominee, was registered as the legal owner of the Purchased Shares.

As provided in the First Agreement, Mr. Chang granted a put option ("**Put Option**") to us, to the effect that we could require Mr. Chang to buy from us and/or its nominees the Purchased Shares at the Purchase Price plus interest thereon at the rate of 6% per annum from the completion date of the Agreement within two years from August 2007.

Our Directors were of the view that the business of Sunrise did not perform as expected since completion of the First Agreement and we decided to exit from the investment and thus we served a put option notice to Mr. Chang in May 2009. Subsequently, Mr. Chang informed us that he encountered a short-term cash flow problem due to the financial crisis and proposed to settle the buy-back of the Purchased Shares through his interests in the PRC Property instead of cash and we accepted the said proposal and proceeded to enter into the AIC-SP Agreement. In October 2010, we entered into AIC-SP Agreement with Mr. Chang, pursuant to which we have agreed to transfer 100% of its shareholding in AIC, the legal owner of the Purchased Shares, to Mr. Chang in consideration of the transfer of the ownership of the PRC Property to us in April 2011, or if transfer of the ownership cannot be completed in April 2011 Mr. Chang has to immediately make a payment of approximately US$3.8 million to us. It is also agreed that the risks and benefits in respect of the Purchased Shares shall be transferred to Mr. Chang with effect from the date of acceptance of the put option notice by Mr. Chang in July 2009. Mr. Chang and we further entered into the Supplemental AIC-SP Agreement where the Long Stop Date for fulfilment of the conditions for completion of the transfer of property interest under the AIC-SP Agreement is changed from April 2011 to March 2012. On the same date of signing the Supplemental AIC-SP Agreement, Wu Chao-Huan and Hsu Chih-Chien, our Directors and Controlling Shareholders, also signed a deed of indemnity in which they will jointly and severally indemnify us against losses, costs and expenses which we may suffer or incur as a result of default on the part of

Mr. Chang to perform his obligations under the AIC-SP Agreement to the extent of the outstanding balance due from Mr. Chang. Following the exercise of the put option of Sunrise, our Group lost the power to participate in the financial and operating policy decisions of Sunrise. Our Group has equity accounted for Sunrise up to the date of Mr. Chang's acceptance of the put option notice. As a result of the above arrangement, a sum of US$3,767,000 was recorded as deferred consideration under "Long term receivables/Other receivables" in our financial statements for the years ended 31 December 2009 and 2010.

LEGAL PROCEEDINGS

We are exposed to liabilities and litigations in operating our vessels. During the Track Record Period and as at the Latest Practicable Date, we were involved in 11 settled and one unsettled or pending shipping incidents. The settlement amounts in three of the settled cases were below US$100,000 and the Directors consider that such cases have no material effect on us. The details of the other settled and unsettled cases are set out below.

Settled cases

In June 2006, MV Midas, a vessel which was subsequently sold in 2007, loaded a cargo of cement in Indonesia destined for the United Arab Emirates. At the material time, MV Midas was operating under a time charter to Shun Shing Global FZE (the "Charterer"). The cargo was carried under a bill of lading in which Shun Shing Trading was named as shipper (the "Shipper"). On 17 July 2006, MV Midas suffered main engine damage while it is on the route to UAE. MV Midas was repaired and re-commenced its voyage on 21 September 2006 and was on-hire again. Under the charterparty, MV Midas was off-hire for 66 days in the meantime. MV Midas arrived Hamriya, UAE on 27 September 2006. It remained there in all respects ready to perform under the charterparty. The Charterer refused, despite our requests, to discharge the cargo or pay hire in accordance with the charterparty. On 10 November 2006, MV Midas was arrested by the Sharjah Court on the Shipper's application. On 7 July 2007, we provided security responding to the Shipper's alleged claim by way of a payment into court of a cash deposit of USD1,900,000. Following provision of security, MV Midas was released from arrest on 19 July 2007. MV Midas could not leave port as the cargo was still on board, and was not ours. On 21 November 2007, following our application to the Sharjah Court, the court declared that the cargo had been effectively abandoned by the person having interests in the cargo; MV Midas was therefore finally permitted to sail from the port of Hamriya, together with the cargo, and on 7 December 2007 it sailed from Hamriya. There then followed the hearing of the Shipper's claim against us, which resulted in a judgment against us. There were subsequently two appeals by us against the decisions of the Sharjah Courts in favour of the Shipper. The Courts found against us at First Instance, in the Court of Appeal and in the Court of Final Appeal, and the First Instance Judgment being upheld at each appeal. We could not appeal further from the Court of Final Appeal. The cash deposit paid by us was released to the Shipper in satisfaction of the judgment in their favour. We then claimed damages against the Charterer under the charterparty, which provided for English law and arbitration. An award was eventually published in September 2009, whereby we were awarded USD2,436,000 plus interest and costs. Despite demands being sent to the Charterers, the award remains unsatisfied as at the Latest Practicable Date. The Charterer seems to be an asset-free company and therefore the award remains unsatisfied. Given that the Charterer is aware of the

award, the prospects of the award being satisfied are very low. In a further effort to make some form of recovery, we considered commencing arbitration proceedings against the Shipper. However, the merits of the claim against the Shipper under the bill of lading were not strong. In view of this, and that we had no security for their potential claim against the Shipper, and the difficulty in obtaining security, we decided that the prudent course of action would be to abandon any such claim, so that further legal costs were not expended unnecessarily. In this regard, there has been no further action since first quarter of 2009. Our Directors are of the view that it is unlikely that we would be able to make any form of recovery for the losses that were suffered by reason of this incident.

In August 2007, our vessel, MV Raffles, had a collision with a fishing boat in South Korea in the course of chartering and MV Raffles was detained by the Port State Control of South Korea for 0.5 days. We were fined by such authority for approximately US$5,700. After making such fine payment, the case was settled in September 2008.

In October 2008, our vessel, MV Raffles, was grounding at Huang Pu Port in China due to typhoon. We filed a claim to our insurance company, and the case was settled in May 2010 after we had received a payment of approximately US$238,000 from the insurance company.

In March 2009, the standard side main deck of our vessel, MV Raffles, was damaged by stevedores in Singapore. We filed a claim to our insurance company, and the case was settled in December 2009 after we had received a payment of approximately US$129,000 from the insurance company.

In May 2009, our vessel, MV Sea Pioneer, caused damage to underwater cables of Telekom Malaysia in Malaysia. The case was settled in August 2010 after a payment was paid to Telekom Malaysia. The settlement amount was approximately US$230,000, in which US$200,000 was paid by P&I Club of South of England and the remaining US$30,000 was paid by us.

In August 2009, our vessel, MV Bravery, was grounding at the An Ping Out Port of Taiwan due to bad weather condition. We filed a claim to our insurance company, and the case was settled in December 2010 after we had received a payment of approximately US$1.3 million from the insurance company.

In December 2010, the cargoes being transported by our vessel, MV Valour, were damaged during their discharge in Korea. The owner of the cargoes filed a claim against us and MV Valour was detained for 49 days because of that. In February 2011, this case was settled and we paid the owner of the cargoes a settlement payment of approximately US$223,000 and an insurance deductible payment of approximately US$50,000.

In September 2004, our vessel, MV New Hope II, had a collision with another vessel at Hong Kong Out Port as MV New Hope II was run smack into by such vessel. We filed a claim with the amount of approximately US$135,000 against such vessel in September 2004. Following our acceptance of the settlement with the settlement amount of approximately US$135,000 on 13 May 2011, such case was settled accordingly. The pre-determined insurance deductible amount was US$30,000 according to our insurance policy. The Directors confirm that the collision would not have any material impact on our compliance with the applicable shipping rules and regulations.

Regarding the above settled cases which we were claimed by others during the Track Record Period, the settlement payments were covered by our insurance policy and we only had to pay a pre-determined deductible amount to the insurance companies. As a result, the total financial losses in relation to the above settled cases during the Track Record Period, which mainly comprised insurance deductible amount and the settlement payment in the MV Valour case occurred in December 2010, was approximately US$383,700.

Unsettled and pending case

In July 2010, our vessel, MV Heroic, had a collision with another vessel at Chang Jiang Kou Bai Chao Channel as both vessels ran too close to each other. A claim against us is being handled at Shanghai Maritine Court of the PRC and the issue in liability and quantum was not yet been determined as the Latest Practicable Date. We have paid insurance excess of US$50,000 to our P & I Insurance Company, The American Club, and they have agreed to fully indemnify us. In the event that the result of the judgment is unfavourable to us, we have to pay another insurance excess of US$60,000 under Hull & Machinery Insurance and the rest of the claim amount would be covered by such insurance policy. The Directors confirm that the collision would not have any material impact on our compliance with the applicable shipping rules and regulation.

The potential maximum exposure related to the above unsettled and pending legal proceedings to us is approximately US$110,000, of which, US$50,000 has been paid. In the event that we are held liable to the accidents, the settlement payments to be paid by us will be fully covered by our insurance policy except that we only have to pay a pre-determined deductible amount to the insurance companies and such minimal amount is unlikely to have a material impact against our financial position. In this connection, our Directors and the Sole Sponsor are of the opinion that we do not need to make provision regarding the unsettled case during the Track Record Period.

COMPETITION

The dry bulk shipping industry is highly competitive and fragmented with many vessels owners and operators. We face competition from both large and small participants in the industry. Our competitors may have a smaller fleet than we do, and hence with less capacity or flexibility to meet customer requirements, may nevertheless compete with us through lower pricing. On the other hand, our larger competitors, with their greater fleet capacity and optimal fleet composition, may have more opportunities to gain market share than we do.

The Group also faces competitions from international shipping companies which can offer wider ports or route coverage and larger fleet size that may keep their market presence at major ports from time to time. With the increasing global supply of vessel chartering capacity, our Directors are of the view that the competition in our industry will intensify in the future.

Generally, we compete with our competitors in terms of, among others, charter hire, charter terms, quality of the vessels, customer service, vessel availability, service reliability, port coverage and value added services. Despite the intense competitions faced by us in the dry bulk shipping industry, our Directors believe that generally we are able to maintain our competitiveness in the industry through (i) our low cost operating structure enables us to offer competitive freight rates to charterers; and (ii) our experienced management team which could adopt suitable strategies to cater for market challenges and risks. See "Risk factors – We operate at a highly competitive industry" of this document for further information in relation to the competitive environment in the industry.

OVERVIEW

Our Controlling Shareholders are: (i) Hsu Chih-Chien (ii) Sea-Sea Marine; (iii) Wu Chao-Huan and his 60%-owned China Lion; (iv) Chen Shin-Yung and his 100%-owned China Harvest; (v) Chiu Chi-Shun and his 100%-owned Pronto; (vi) Wu Chao-Ping and his 52%-owned Unit Century; and (vii) Pilot Assets, which is owned as to 21.4% by each of Sea-Sea Marine, China Lion, China Harvest and Pronto and 14.3% by Unit Century respectively. Our Controlling Shareholders collectively are interested in or deemed to be interested in 663,110,318 Shares, representing approximately 62.6% of the entire issue share capital of our Company as at the Latest Practicable Date.

Note: Hsu Chih-Chien, as settlor of The Lowndes Foundation, is deemed to be interested in the Shares held under The Lowndes Foundation pursuant to Part XV of SFO.

Hsu Chih-Chien and his trust

Hsu Chih-Chien is our Chairman and non-executive Director. He set up an irrevocable discretionary trust, The Lowndes Foundation in December 2009. HSBC Trustee, as trustee of The Lowndes Foundation, holds the entire issued share capital of Besco (a special purpose vehicle established for the Lowndes Foundation). Besco in turn holds the entire issued share capital of Sea-Sea Marine. Sea-Sea Marine in turn holds 142,081,611 Shares, representing approximately 13.4% of the entire issue share capital of our Company. Sea-Sea Marine also holds 21.4% of total issued share capital of Pilot Assets, which holds 6,737,000 Shares representing approximately 0.6% of the entire issue share capital of our Company. Sea-Sea Marine will hold 142,081,611 Shares, representing approximately 13.4% of the entire issue share capital of our Company upon completion of the Introduction (without taking into account options which may be granted under the Share Option Scheme and any Shares that may be allotted and issued or repurchased by the Company under the general mandates for the allotment and issue or repurchase of Shares granted to the Directors and the Shares held by Pilot Assets). HSBC Trustee in its capacity as trustee of The Lowndes Foundation, has absolute discretion in the administration and investment of the trust, including discretion to exercise all voting powers attaching to any securities held by it. Hsu Chih-Chien is the settlor and protector of the trust, and has power to remove the trustee. For the avoidance of doubt, HSBC Trustee and its 100%-held Besco are not Controlling Shareholders, but are Connected Persons under the Listing Rules.

HSBC Trustee acting in its capacity as trustee of The Lowndes Foundation has undertaken to the Stock Exchange that they shall not in the period commencing on the date by reference to which disclosure of the shareholding of Sea-Sea Marine is made in this document and ending on the date which is twelve months from the date on which dealings in our Shares commence on the Stock Exchange, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the shares of Besco unless as a result of a change of trustee of The Lowndes Foundation.

Besco has undertaken to the Stock Exchange that they shall not in the period commencing on the date by reference to which disclosure of the shareholding of Sea-Sea Marine is made in this document and ending on the date which is twelve months from the date on which dealings in our Shares commence on the Stock Exchange, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the shares of Sea-Sea Marine.

EXCLUDED BUSINESSES

The excluded business

Hsu Chih-Chien (who created The Lowndes Foundation, which holds 142,081,611 Shares and approximately 21.4% of the total issued share capital of Pilot Assets) and his family have been carrying on vessel chartering business (in addition to those of our Group) through a fleet of Handysize vessels. As at the Latest Practicable Date, this fleet has 7 Handysize vessels which are owned by Hsu Chih-Chien's family, through a series of ship-owning companies ("Hsu Companies"). Hsu Companies principally engage in the provision of vessel chartering services. The said fleet of 7 Handysize vessels are between 33,000 dwt to 39,000 dwt and are between 25 years old and 34 years old. The said fleet mainly ply routes in the Taiwan, Vietnam, Indonesia and China region, and mainly transport commodities such as coal and minerals.

The aggregate net profit/(loss) before tax of Hsu Companies for the three financial years ended 31 December 2010 are US$16,356,902, (US$1,424,216) and US$5,371,951 respectively. The utilization rate of the vessels owned by Hsu Companies for the three financial years ended 31 December 2010 were approximately 83.8%, 94.1% and 90.6% respectively. The aggregate market value of the vessels owned by Hsu Companies as at 19 April 2011 is estimated to be US$30.5 million.

Reasons for exclusion

Our target group of charterers are different from that of Hsu Companies, given that we provide vessels with various tonnage capacities, while Hsu Companies provide Handysize vessels only. To the best of our Directors' knowledge and belief, the charterers Hsu Companies served during the Track Record Period did not overlap with the charterers we served during the Track Record Period. Furthermore, during the Track Record Period, the percentage of our turnover contributed by Handysize vessels had a decreasing trend:

Year	% of revenue contributed by Handysize vessels
2008	47.5%
2009	31.2%
2010	28.3%

Since the listing of the Shares on SGX-ST, Hsu Companies have been excluded from our Group because their fleet only comprise Handysize vessels, whilst our Group had a mix of categories of vessels, and pursued a strategy of acquiring a combination of vessels of different categories to provide greater flexibility in meeting customers' requirements and to maximise operational efficiency. For the purpose of Introduction, Hsu Companies remain excluded from our Group because their fleet only comprises Handysize vessels, and therefore is not in line with our business strategy of acquiring Capesize, Panamax or Handymax vessels. The Directors consider that it is inappropriate to include Hsu Companies into our Group as we have enough Handysize vessels.

Potential conflict of interests

The dry bulk shipping industry as a whole is highly fragmented and intensely competitive, and therefore we and Hsu Companies are only subject to normal market competition. Same with other market competitors, we and Hsu Companies compete for charterers based on various factors, including charter hire rates, vessels capacity and availability. Given the fierce competitive landscape, the Directors consider that Hsu Companies have little scope in influencing the decision of the charterers to engage which service providers and transfer value from us to Hsu Companies.

Save for Hsu Chih-Chien, the management of Hsu Companies is entirely independent and separate from the management of our Group. Hsu Chih-Chien does not participate in the day-to-day management or operations of both Hsu Companies and our Group. The marketing function, including promotion and charter terms negotiation, is delegated to other Directors and senior management, and hence Hsu Chih-Chien have little scope in influencing the decision of our charterers and transfer value from us to Hsu Companies.

Last but not least, Hsu Chih-Chien, as our Chairman and non-executive Director, is bound by the same fiduciary duties of good faith, due diligence and confidentiality as all our Directors, and is also bound to act at all times in the interests of our Company in the discharge of his duties as our Director.

Having taken into account the above factors, the Directors consider that the potential competition between Hsu Companies and us does not give rise to a conflict of interest between Hsu Chih-Chien and the public as a whole and that the interest of the public will not be undermined.

Deed of non-competition

Each of the Controlling Shareholders (except Sea-Sea Marine) (collectively the "Covenanting Controlling Shareholders) has confirmed that, except for the Hsu Chih-Chien's vessel chartering business through utilizing Handysize vessels ("Hsu's Handysize Business") and other than through our Group, neither he/it, nor any of his/its associates (whether as a shareholder, partner, agent or otherwise), is currently interested, involved or engaged, or is likely to be interested, involved or engaged, directly or indirectly, in business, which competes or is likely to compete, directly or indirectly, with our Group's business (as disclosed in this document) and would require disclosure under Rule 8.10 of the Listing Rules.

The Covenanting Controlling Shareholders have entered into a deed of non-competition (the ''Deed of Non-competition'') with our Company (for itself and on behalf of its subsidiaries from time to time) to the effect that with effect from the Listing Date, each of them will not, and procure that none of the respective associates shall:

(i) except through his/its/their interests in our Company and in respect of Hsu Chih-Chien, in carrying out Hsu's Handysize Business, whether as principal or agent and whether undertaken directly or indirectly in his/its/their own account or in conjunction with or on behalf of or through any person, firm, body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, carry on, participate

in, acquire or hold (whether as a shareholder, partner, agent or otherwise) any right or interest in, or otherwise be interested, involved or engaged in or concerned with, directly or indirectly, any business which is in any respect in competition with or similar to or may be in competition, directly or indirectly, with the businesses of our Group (the ''Restricted Business'') in the territories within Asia and such other parts of the world where any member of our Group carries on business from time to time (''Restricted Territories''); and

(ii) (a) at any time induce or attempt to induce any director, manager or employee or consultant of any member of our Group to terminate his or her employment or consultancy (as appropriate) with our Group, whether or not such act of that person would constitute a breach of that person's contract of employment or consultancy (as appropriate); or employ any person who had been a director, manager, employee of or consultant to any member of our Group who is or may be likely to be in possession of any confidential information or trade secrets relating to the Restricted Business; or (b) alone or jointly with any other person through or as manager, adviser, consultant, employee or agent for or shareholder in any person, firm or company, in competition, directly or indirectly, with any member of our Group, canvass, or solicit or accept orders from or do business with any person with whom any member of our Group has done business or solicit or persuade any person who has dealt with our Group or is in the process of negotiating with our Group in relation to the Restricted Business to cease to deal with our Group or reduce the amount of business which the person would normally do with our Group or seek to improve their terms of trade with any member of our Group.

Except for Hsu Chih-Chien in carrying out Hsu's Handysize Business, each of the Covenanting Controlling Shareholders further agrees, undertakes to and covenants with our Company (for itself and on behalf of its subsidiaries from time to time) that, with effect from the Listing Date, in the event that any of them and/or any of their respective associates is offered or becomes aware of any business investment or commercial opportunity directly or indirectly relating to a Restricted Business in any of the Restricted Territories, he/it shall (a) promptly notify our Company in writing and refer such business opportunity to our Company for consideration and provide all information as may be reasonably required by our Company in order to make an informed assessment of such business investment or commercial opportunity; and (b) not and procure their respective associates shall not, invest or participate in any such project or business investment or commercial opportunity unless (i) such project or business investment or commercial opportunity shall have been rejected by our Company in writing; (ii) written approval is given by the independent non-executive Directors; and (iii) the principal terms of which the Covenanting Controlling Shareholders or their respective associates invest or participate are no more favourable than those made available to our Company and such terms shall be fully disclosed to our Company prior to consummation of such rejected opportunities.

The Deed of Non-competition also provides that all conflicted Covenanting Controlling Shareholders shall absent themselves from or procure any conflicted Directors shall absent themselves from meetings and voting of the Board when matters in which such Director or his associates have a material interest are discussed (including first rights of refusal), unless expressly requested to attend by a majority of the independent non-executive Directors. A Director who has or whose associates

have a material interest in a contract is prohibited by the Bye-laws from voting or being counted in the quorum at the meeting at which the contract is considered save in certain circumstances as set out in the Bye-laws. The Deed of Non-competition also provides, amongst other things, that:

(i) the independent non-executive Directors shall review, at least on an annual basis, the compliance with the Deed of Non-competition by the Covenanting Controlling Shareholders and their respective associates, or first rights of refusal provided by the Covenanting Controlling Shareholders and their respective associates on their existing or future competing businesses;

(ii) the Covenanting Controlling Shareholders shall provide all information necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition;

(iii) our Company shall disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the undertakings and first right of refusal provided by the Covenanting Controlling Shareholders either through the annual report of our Company, or by way of announcements to the public;

(iv) the Covenanting Controlling Shareholders shall, during the period that the Controlling Shareholders, and their respective associates, individually or taken as a whole, remain as the Controlling Shareholders, abstain from voting at any general meeting of our Company if there is any actual or potential conflict of interests; and

(v) the terms of Deed of Non-competition cannot be amended or varied save with the prior approval of the Members (other than the Controlling Shareholders and their respective associates who are also Shareholders) by an ordinary resolution at a general meeting.

The Deed of Non-competition and the rights and obligations thereunder shall become effective upon the Listing Committee granting listing of, and permission to deal in, all the Shares in issue. Subject to this, the condition shall be deemed to have been fulfilled on the Listing Date. The Deed of Non-competition will cease to have effect on any of the Covenanting Controlling Shareholders upon occurrence of the earliest of any of the following events or circumstances: (i) our Company decides not to proceed with the Introduction despite that approval for the Introduction has been granted by the Listing Committee; (ii) the day on which the Shares cease to be listed on the Stock Exchange; (iii) the day on which the Controlling Shareholders and their respective associates and the trusts (individually or taken as a whole) which they create, hold or settles in aggregate cease to be interested (directly or indirectly) in 30% or more of the then issued share capital of our Company or cease to be deemed as controlling shareholder of our Company (within the meaning ascribed to it under the Listing Rules from time to time) and do not have power to control the Board and there is at least one other Shareholder holding more Shares than the Controlling Shareholders and their associates then taken together; or (iv) the day on which the Controlling Shareholders beneficially own or are interested or are deemed to be interested in the entire issued share capital of our Company.

Confirmation

Except for Hsu's Handysize Business and given that Chang Shun-Chi, our non-executive Director and Chiu Chi-Shun, our Controlling Shareholder are only interested in ship brokerage business (Maxmart Shipping & Trading Co., Ltd.), and ship safety and management consultancy business (Jacksoon Shipping Safety Management Consultant Co., Ltd.) respectively, as opposed to vessel chartering business, none of the Controlling Shareholders and the Directors is interested in any business, other than that of our Group, which competes or is likely to compete either directly or indirectly, with our Group's business and which requires disclosure pursuant to Rules 8.10(1) and 8.10(2) of the Listing Rules.

As New Amego Shipping Corp., which was co-founded by our Controlling Shareholders, Wu Chao-Huan and Chen Shin-Yung, and engaged in vessel chartering business, ceased business since the founding of Courage Marine Holdings, there is no competition with our Group.

HSU'S FURTHER UNDERTAKINGS

First Undertaking

For the purpose of our listing on SGX-ST, Hsu Chih-Chien has given a written undertaking ("**First Undertaking**") to our Company that for so long as he is our Director, or he or his associates beneficially own or are otherwise deemed interested in 5% or more of our Shares:

(i) he shall not solicit or induce, or attempt to solicit or induce, any customer of our Group (whether past or present) to enter into contracts with vessels owned by him or his associates, including any vessels that are subsequently acquired by him and his associates;

(ii) he shall not cause the vessels owned by him to compete or bid against our Group in trying to secure contracts from customers, including potential customers that our Group wishes or intends to provide services to;

(iii) he and his associates shall not acquire any interest (whether such interests are held directly or indirectly, singly or in conjunction with third parties) in any vessels in the Panamax bulk carrier category or provide vessel chartering services using Panamax bulk carriers;

(iv) he and his associates shall abstain from voting on any shareholders' resolution to be passed or approved by our Company from time to time on any matters or issues raised during any annual general meetings, extraordinary general meetings, or other shareholders' meetings of our Company if such matters or issues relates to or may result in or otherwise involves actual or potential conflict of interest or competing interests between our Group and vessels owned by Hsu Chih-Chien;

(v) in the event that any actual or potential conflict of interests situations may arise for any reason whatsoever, Hsu Chih-Chien will be bound by his duties as a director of our Company and obliged under our Company's Bye-laws and the Bermuda Companies Act to declare, and he shall so declare at a meeting of the Directors, the fact and the nature, character and extent of the conflict which has arisen and abstain from voting on any Directors' resolution to be passed or approved by the Board from time to time and not participate in any deliberations or discussions on any such matters; and

(vi) he shall not disclose to any person any confidential or trade-sensitive information, including marketing or operational strategies, policies or plans of our Group, that may from time to time come into his possession, in his capacity as Director or (as the case may be) in the course of performing his duties on behalf of our Company or our Group, or use any of such information to the advantage of the vessels owned by him or to the detriment of our Group.

Second Undertaking – General

For the purpose of the Introduction, Hsu Chih-Chien has given an additional written undertaking ("**Second Undertaking**") to us that for so long as (i) he is our Director, or he or his associates beneficially owns or any trust which he creates holds or settles or are otherwise deemed interested in 5% or more of our Shares; and (ii) our Shares are listed on the Stock Exchange:

(i) he is required not to engage (whether as principal or agent and whether undertaken directly or indirectly) in the provision of vessels chartering business similar to the nature of our business in any part of the world, other than through Handysize vessels owned or controlled, directly or indirectly whether by himself or his associates or his controlled companies;

(ii) Except for the Refused Opportunity as hereinafter mentioned, he is required to procure Hsu Companies not to provide vessels chartering services to any of our top 10 customers during the Track Record Period and during each of the financial year following the Listing Date ("Restricted Customers") (the list of such accumulated Restricted Customers will be provided to Hsu Chih-Chien annually, and this undertaking is supplemental to and does not supersede the general non-solicitation undertaking under the First Undertaking);

(iii) he is required to grant us an option to acquire the whole or part of his interests in Hsu Companies held directly or indirectly by Hsu Chih-Chien or any of the vessels owned by Hsu Companies at any time (the "**Option**"). The price at which the Option will be exercised shall be negotiated and agreed at arm's length between Hsu Chih-Chien and us at the time of exercise. If Hsu Chih-Chien and we fail to agree on the exercise price, an independent internationally recognized firm of valuers will be appointed to determine the exercise price;

(iv) he is required to grant us a right of first refusal, in the event that Hsu Chih-Chien or any of his associates wish to sell the whole or any part of its interest in Hsu Companies or Hsu Companies wish to sell any of their vessels to any third party (the "**Right of First Refusal**"); and

(v) as long as Hsu Chin-Chien continues to hold any interest in Hsu Companies and Hsu Companies continue to carry on vessel chartering business, at the end of each half-year of a calendar year after the Listing Date, meetings between Hsu Chih-Chien and our management shall be convened. Hsu Chih-Chien shall disclose to our management at such meetings the current operations of Hsu Companies including the vessels which they own, their full list of customers and their business performance so that our management can form a view as to whether there has been a breach of the Deed of Non-competition, First Undertaking and Second Undertaking by Hsu Chih-Chien and whether actual or potential conflict of interest has occurred. Furthermore, based on such information so provided, and our management's understanding of the vessel chartering market, proposal as to whether to exercise the Option or the Right of First Refusal and other information relating to the Deed of Non-competition, First Undertaking and Second Undertaking will be presented by us to the independent non-executive Directors for their consideration. The independent non-executive Directors will hold an independent board committee meeting at the end of each such half-year to consider such proposal and to decide whether to exercise the Option or the Right of First Refusal. At such meeting, we shall provide the independent non-executive Directors with particulars of Customer Enquiry (as defined below) referred by Hsu Chih-Chien to us pursuant to the referral mechanism as hereinafter mentioned during the half-year period just ended and the outcome of such Customer Enquiry. Based on all the information so provided, the independent non-executive Directors will also consider whether the covenants contained in Deed of Non-competition, First Undertaking and Second Undertaking (including the referral mechanism as mentioned below) have been complied with by Hsu Chih-Chieh and what, if any, remedial actions (including but not limited to legal actions) should be taken.

Second Undertaking – Referral Mechanism

If Hsu Companies receive any enquiry for vessel chartering services from any of the Restricted Customers ("Customer Enquiry"), Hsu Chih-Chien shall immediately refer the Customer Enquiry to us. If we are unable to provide the vessel chartering services sought for under the Customer Enquiry due to the non–availability of our vessels, Hsu Companies may offer to that customer the vessel chartering service sought for under Customer Enquiry ("Refused Opportunity") upon our written confirmation and subject to the following terms:

(i) Hsu Chih-Chien shall confirm to us in writing where that customer accepts vessel chartering services from Hsu Companies within 7 days of such acceptance;

(ii) the provision of vessel chartering services by Hsu Companies to that customer shall be restricted to services sought for under Customer Enquiry and through Handysize vessels owned or controlled by Hsu Companies only;

(iii) Hsu Chih-Chien and Hsu Companies shall not in any way solicit or attempt to solicit any future or other vessel chartering business from that customer; and

(iv) in respect of any further enquiry for vessel chartering services from that customer to Hsu Companies, Hsu Chih-Chien shall proceed with this referral mechanism again.

Second Undertaking – Exercise of the Option and the Right of First Refusal

As provided in the Second Undertaking, decisions as to whether or not to exercise the Option and the Right of First Refusal shall be decided by the sole discretion of our independent non-executive Directors. Given that our independent non-executive Directors has served in our Company for more than five years, our Directors consider that they will have the expertise to decide on the exercise of the Option and the Right of First Refusal. Should they consider necessary, they are also entitled to appoint industry consultant and/or independent financial adviser at our own cost to advise them on the exercise of the Option and the Right of First Refusal.

When considering whether or not to exercise the Option and the Right of First Refusal, our independent non-executive Directors will take into account the following factors:

(i) in the case of acquisition of vessels from Hsu Companies, the title, conditions and remaining estimated useful lives of those vessels and whether the acquisition of those vessels accords with our development strategy;

(ii) in the case of acquisition of Hsu's and/or his associates' interest in Hsu Companies, in addition to the above consideration on the vessels which such Hsu Companies own, whether such Hsu Companies and their business are expected to present a sustainable level of profitability, whether such Hsu Companies and their businesses have achieved and maintained sufficiently good stage of management and operation, whether the acquisition of such Hsu Companies and their businesses accords with our development strategy and whether such businesses can effectively and conveniently be merged with our business; and

(iii) in both cases, whether in all other respects, the acquisition of such vessels or such interest in Hsu Companies (as the case may be) would be in the best interest of our Company's shareholders as a whole.

If our independent non-executive Directors resolve to exercise the Option or the Right of First Refusal, we will convene a general meeting seeking the independent shareholders to approve the exercise of the Option or the Right of First Refusal. We will appoint an independent financial advisor to review the terms of the acquisition of the interests in Hsu Companies or the relevant vessels (as the case may be) and provide a letter of advice to our independent board committee and our independent Members. In addition to the above, we will comply with the Listing Rules requirements prevailing from time to time.

Second undertaking – Annual Review

The independent non-executive Directors will review, on an annual basis, (i) the exercise or non-exercise of the Option, and state their views with basis and reasons in our annual report; and (ii) whether Hsu Chih-Chien have fully complied with the First Undertaking and the Second Undertaking, and state such result in our annual report.

Relationship between First Undertaking and Second Undertaking

The Second Undertaking is supplemental to the First Undertaking, and they will complement each other. As such, the Directors consider the First Undertaking and the Second Undertaking are adequate in safeguarding the interests of our Shareholders and us.

We do not have any current intention to acquire any interest in Hsu Companies or Hsu Companies' vessels.

TERMINATION OF WAY-EAST AS SHIPPING AGENT

Way-East is a company controlled by Hsu Chih-Chien. Pursuant to an agency agreement between Courage Marine Holdings and Way-East dated 2 January 2004, as supplemented by agreements subsequently made between the same parties (collectively "Agency Agreement"), Courage Marine Holdings appointed Way-East as its agent to bid for chartering business awarded by Taiwan government-owned or privately-owned shippers in the territory of Taiwan and in the Panamax bulk carrier market segment.

The Agency Agreement was for an initial fixed term of 3 years from 2 January 2004. The parties agreed to extend the said term after its expiry.

Under the Agency Agreement, Courage Marine Holdings shall pay Way-East a commission of 0.5% of the net invoiced chartering price, and such commission is to be paid within 30 days of the receipt of payment made by the shipper.

By a memorandum dated 22 February 2011 entered into between our Company and Way-East, the Agency Agreement was terminated on 22 February 2011 ("Agency Termination Date"). Initially, Way-East was appointed as agent of Courage Marine Holdings primarily for the submission of tenders for chartering contracts with a Taiwanese state-owned corporation. Way-East was appointed because only Taiwanese corporation can submit such tenders. Since 2009, we have engaged Winmax Maritime Corporation, a Taiwanese company which is an Independent Third Party and qualified to submit such tenders, to replace Way-East to act as our agent for such tender. The memorandum dated 22 February 2011 between our Company and Way-East was a formal confirmation of the termination of the Agency Agreement. Following that, Way-East ceased to provide any agency service to our Group.

Details of the aggregate amount of commission paid to Way-East pursuant to the Agency Agreement for each of the three years ended 31 December 2010 and for the period from 1 January 2011 up to the Agency Termination Date were as follows:

US$'000	FY2008	FY2009	FY2010	For the period from 1 January 2011 up to the Agency Termination Date
Amount of commission paid to Way-East	US$67	US$2	Nil	Nil

Our Independence

Management and operational independence

Our day-to-day management and operational decisions are made by our senior management who have served us for a long time and has substantial experience in the industry in which we are engaged. They are capable of carrying out our day-to-day administrative and operational functions independently of the Controlling Shareholders. Further, our three independent non-executive Directors bring independent advice and judgement to the decision making process of our Board. Their services on the Audit, Nomination and Remuneration Committees also provide checks and balances to the decision making process of our Board.

Administrative independence

We have our own capabilities and personnel to perform all essential administrative functions including financial and accounting management and personnel development. Except for Chiu Chi-Shun who is the deputy general manager (systems and standard compliance) of our Company, our company secretary and senior management are independent of the Controlling Shareholders.

Financial independence

We have our own financial management system and the ability to operate independently from the Controlling Shareholders from a financial perspective. Our working capital and asset purchase are mainly funded from our own operational cash flow and occasionally by the issue of Shares or bank financing (without any security from the Controlling Shareholders). As such, the Directors consider that our finance is fully supported without reliance on the Controlling Shareholders.

Having considered the above reasons, the Directors are of the view that we are capable of carrying on our businesses independently of the Controlling Shareholders. We hold all relevant licenses necessary to carry on our businesses, and have sufficient capital, equipment and employees to operate our businesses independently of the Controlling Shareholders.

LEASE OF SHANGHAI PREMISES

Our Group has entered into, and expects to continue to engage in the transaction as listed below, which our Group expects will continue from time to time. The transaction set out below will be regarded as continuing connected transactions under the Listing Rules.

Lease of Shanghai Premises by Chou Hsiu-Ma (周秀曼) ("Chou") to Courage Marine Shanghai Office.

Pursuant to a lease agreement made between Chou as lessor and Courage Marine Shanghai Office as lessee ("Lease Agreement"), Chou has let the Shanghai Premises to Courage Marine Shanghai Office for office purpose. The term of the Lease Agreement commences on 1 January 2010 and expires on 31 December 2011 with no early termination clause. Any renewal of the Lease Agreement shall have to be negotiated between the parties. Under the Lease Agreement, it is provided that the area of Shanghai Premises is 120 square metres. The monthly rental is RMB5,865 plus US$1,338.5 which shall apply throughout the said term of two years.

The annual rent under the Lease Agreement was determined on an arm's length basis between Courage Marine Shanghai Office and Chou. Our Company's independent valuer RHL Appraisal Limited has confirmed that the rental payable by Courage Marine Shanghai Office under Lease Agreement is fair and reasonable.

Shanghai Premises is used entirely by Courage Marine Shanghai Office as its office.

The lessor, Chou, is the wife of Chang Shun-Chi who is a non-executive director of our Company. Chou is an associate of a Director and hence a connected person herself.

The Directors are of the view that the Lease Agreement has been entered into and will be carried out in the ordinary course of business of our Group on normal commercial terms. As such the Directors consider that the entering into the Lease Agreement by Courage Marine Shanghai Office are fair and reasonable and in the interests of our Company and the Shareholders.

As the annual rent under the Lease Agreement payable by Courage Marine Shanghai Office to Chou for each of the 2 years of the term is approximately US$13,000, and all of the percentage ratios (other than the profit ratio) under Rule 14.07 of the Listing Rules is less than 5% and the annual consideration is less than HK$1 million, the above transaction falls below the de minimus threshold under Rule 14A.33(3)(c) of the Listing Rules and are not subject to any reporting, announcement or independent shareholders' approval requirements under Rule 14A of the Listing Rules.

DIRECTORS

The Board of Directors consists of eight Directors, including two executive Directors, three non-executive Directors and three independent non-executive Directors.

The principal functions and duties conferred on our Board include:

- convening and reporting to general meetings about the state of the Company's matters and business results;
- implementing the resolutions passed by our Members in general meetings;
- setting the Company's policy and ensuring the policy has been followed;
- setting and reviewing the Company's goals and deciding the Company's action plans and budget proposed by the Company's management; and
- formulating proposals for dividend distribution.

The following table sets forth certain information concerning the Directors.

Name	Age	Position	Date of appointment as Director
Hsu Chih-Chien (許志堅)	54	Chairman and non-executive Director	13 April 2005
Wu Chao-Huan (吳超寰)	60	Managing Director and executive Director	13 April 2005
Chen Shin-Yung (陳信用)	67	Executive Director	13 April 2005
Sun Hsien-Long (孫賢隆)	61	Non-executive Director	13 August 2010
Chang Shun-Chi (張順吉)	54	Non-executive Director	13 August 2010
Sin Boon Ann (陳文安)	53	Independent non-executive Director	24 August 2005
Chu Wen Yuan (朱文元)	51	Independent non-executive Director	24 August 2005
Lui Chun Kin, Gary (呂春建)	50	Independent non-executive Director	24 August 2005

Executive Directors

Wu Chao-Huan (吳超寰), aged 60, is the Managing Director and an executive Director of our Company. Mr. Wu was one of the co-founders of our Group in 2001. Mr. Wu co-founded New Amego Shipping Corp. with Chen Shin-Yung in 1998. From 1998 to 2001, Mr. Wu acted as the general manager of New Amego Shipping Corp. which engaged in vessel chartering business. In June 2001, Mr. Wu co-founded our Group with other co-founders. Since 2001, Mr. Wu continued his vessel chartering business with us and has been responsible for the overall management of our Company covering mainly sales and marketing, schedule planning, purchase and sale of ships, personnel and general management.

Chen Shin-Yung (陳信用), aged 67, has extensive experience in the shipping industry in the areas of supplies, maintenance and repairing. He was one of the co-founders of our Group and has been an executive Director of our Group since 2001, responsible for the overall management, repair and maintenance of our Fleet. Mr. Chen has built up good working relationships with the drydocks in Kaohsiung, Keelung, Guangzhou, Shanghai, and Qingdao. From 1998 to 2001, he was the technical manager of New Amego Shipping Corp.

Non-executive Directors

Hsu Chih-Chien (許志堅), aged 54, is the Chairman and a non-executive Director of our Company. He was one of the co-founders of our Group in 2001. His responsibilities include strategic planning and future development of our Company and does not participate in our day-to-day operations. Mr. Hsu comes from the Taiwan operations of an old shipping family dating back to early 20th century that began in Shanghai. Since 1980, Mr. Hsu has inherited the interest in Eddie Steamship Co. Ltd, a family-owned business. In 2000, he was the person-in-charge of Waywiser Marine Shipping Agency Co. Ltd. which previously rendered shipping agency services to our Group. Mr. Hsu has an extensive network of business contacts among the major shippers in Asia, and is very experienced in the area of international ship purchasing and sales. Mr. Hsu is active in the shipping community and has served in numerous maritime organizations. Currently he is a director of American Steamship Owners Mutual Protection and Indemnity Association (The American Club). He is also a director of China Corporation Register of Shipping (財團法人中國驗船中心) and a member of the Hong Kong Committee of Bureau Veritas and a member of Taiwan technical committee of American Bureau of Shipping. He graduated from Colby College, State of Maine, the United States of America in 1980.

Sun Hsien-Long (孫賢隆), aged 61, was appointed as a non-executive Director of our Company on 13 August 2010 and he does not participate in our day-to-day operations. He was one of the co-founders of the Group in 2001. He was in military service in Taiwan in or around 1974. In 1988, he started his own business and acted as the Managing Director of Trans Companions Inc. that was engaged in the trading of heavy lifting equipment until now. He graduated from Marine Engineering Department of China Maritime College in 1971.

Chang Shun-Chi (張順吉), aged 54, was appointed as a non-executive Director of our Company on 13 August 2010 and he does not participate in our day-to-day operations. Mr. Chang founded Maxmart Shipping & Trading Corp in Taipei and acted as its Chairman and General Manager since 1987. Mr. Chang has diverse experience in the maritime industry including ship brokerage, sale and purchase of ships and chartering.

Independent non-executive Directors

Sin Boon Ann (陳文安), aged 53, joined the Board on 24 August 2005 as an independent non-executive Director. Mr. Sin was admitted into the Singapore Bar in February 1987 and he began private practice in the same year. He had been a lecturer at the Faculty of Law, National University of Singapore, before returning to private practice in 1992 when he joined Drew & Napier. He was a partner from 1994 to 2001 and became a director upon the corporatization of Drew & Napier. Mr. Sin is now the Deputy Managing Director of the corporate & finance department at Drew & Napier LLC. His major area of practice is corporate finance and mergers and acquisitions. He has been an independent director of MFS Technology Ltd, Transview Holdings Limited and CSE Global Limited, all of which are Singapore-listed companies, since 2001, 2002 and 2002 respectively. He has been an independent director of Overseas Union Enterprise Limited, a Singapore-listed company since 2009. He has also been an independent non-executive director of OSIM International Ltd, a Singapore-listed company, since 2010. He was an independent non-executive director of Japan Land Limited, a Singapore-listed company until 2009 and an independent non-executive director of Auric Pacific Group Limited, a Singapore-listed company in 2006. Mr. Sin graduated from National University of Singapore with a Bachelor of Arts and Bachelor of Laws (Honours) in 1986 and from University of London with Master of Laws in 1988.

Lui Chun Kin, Gary (呂春建), aged 50, has been an independent non-executive Director of our Company since 24 August 2005. Currently, he is the executive director and chief financial officer of New Territories Investments Pty Ltd, in charge of strategic planning, investment advisory, and business development. He is also a non-executive director and audit committee chairman of both Uber Global Pty Ltd and Citadel Group Ltd. During 2004 to 2007, he worked in Shenzhen Huaqiang Holdings Limited, a Shenzhen-listed Company, where he was responsible for management, strategic planning, investment and corporate restructuring. Prior to that, he was the vice president and chief financial officer with CBR Brewing Company Inc, project controller with First Shanghai Investments Limited, a Hong Kong-listed company, general manager with Winmail Development Ltd., assistant financial controller of Chung Wah Shipbuilding & Engineering (Holdings) Co., Ltd. and a senior accountant with Arthur Andersen & Co. Mr. Lui has over 23 years experience in various accounting, financial and managerial positions in a variety of industries in Hong Kong, Singapore, China and Australia. Mr Lui obtained a Bachelor of Social Sciences (Hons) from The University of Hong Kong in 1987. He also obtained his Master of Applied Finance degree from Charles Sturt University in 2001. He is a member of the Hong Kong Institute of Certified Public Accountants (HKICPA), Australian Institute of Company Directors (MAICD), fellow member of the Association of Chartered Certified Accountants (FCCA), associate member of the Institute of Chartered Accountants in England and Wales (ICAEW).

Chu Wen Yuan (朱文元), aged 51, has been an independent non-executive Director of our Company since 24 August 2005. He was the general manager overseeing the Singapore and Malaysia operations of Xcellink Pte Ltd. which is a recruitment and information technology outsourcing service provider. Mr Chu is a graduate in Bachelor of Science and Business Administration (Accounting) degree from San Francisco State University, USA in 1984 and obtained his Master of Business Administration (Finance) degree from University of Oregon, USA in 1986.

SENIOR MANAGEMENT

The following table sets forth certain information concerning the Company's senior management:–

Name	Age	Position
Hon Kwok Ping, Lawrence (韓國平)	63	Director of Finance
Yuen Chee Lap, Carl (源自立)	37	Financial Controller
Kuo Jeen Rong (郭錦榮)	67	Deputy General Manager (Operations)
Chiu Chi-Shun (邱啟舜)	60	Deputy General Manager (Systems and Standard Compliance)
Lin Tsai-Seng (林財生)	62	Sales and Marketing Manager

Hon Kwok Ping, Lawrence (韓國平), aged 63, is the Group's Director of Finance and is in charge of the Group's finance and accounting controls. He served as accountant, chief accountant, and company secretary in several companies between 1973 and 1984. From 1984 to 1994, he was the financial director and deputy managing director in Modern Printing Equipment Ltd., a company of the Buhrmann-Tellerode Group. During 1994 to 1998 he was the vice president of Sino-Forest Corporation. From 1997 to 2003, he was President and CEO of AgroCan Corp. Acting as an advisor to the Company since January 2004, Mr. Hon was then appointed financial controller in November 2004. He obtained his accounting professional status through the Association of International Accountants, UK. He is a fellow member of the Hong Kong Institute of Certified Public Accountants. As at the Latest Practicable Date, Mr. Hon owned 11,525,000 Shares, representing about 0.927% of the total issued share capital of our Company.

Yuen Chee Lap, Carl (源自立), aged 37, is the Group's Financial Controller and is in charge of our Group's finance and accounting control, as well as the Group's reporting and SGX compliance. Mr. Yuen has rich experience in finance and accounting both in Hong Kong and the United States. He started his career in Houston, Texas. He joined Greensmart Corp., a US listed company in 2000 and served as chief financial officer from 2000 to 2003. Mr. Yuen then joined the Company as the financial manager since January 2004 and was appointed financial controller in May 2006. He received BBA and MBA degrees from University of Houston, Texas in 1997 and 1998 respectively.

Kuo Jeen-Rong (郭錦榮), aged 67, is the Deputy General Manager (Operations) of our Company and is responsible for supporting the Managing Director in relation to matters about ISM (International Safety Management) Code and dealing with insurance management and insurance related matters. Before he joined us, he worked in Unison Marine Co. Ltd. before. From 1990 to 1991, he taught as a Professor in Taiwan Maritime University and specialised in engineering technology.

Chiu Chi-Shun (邱啟舜), aged 60, was one of the co-founders of our Group. He is the deputy general manager (systems and standard compliance) of our Company and is the managing director of Courage Maritime Technical Service Corp., a wholly owned subsidiary of the Group. The responsibilities of Mr. Chiu include the quality assurance of the fleet, and safety management of the

fleet, carrying out internal audit in order to comply with various international rules and regulations, maintaining the validity of all certificates and licences for the operation of the fleet. Since 1996, he has been the chairman and/or general manager of Jacksoon Shipping Safety Management Consultant Co., Ltd. Mr. Chiu has extensive experience of more than 25 years in surveying, auditing and inspection of vessels. During 1978 to 1983, he worked as an assistant engineer in 陽明海運股份有限公司 (Yang Ming Marine Transport Corp.) He then worked for Nippon Kaiji Kyokai as a surveyor until 1990. Since then, he became the senior surveyor and manager of international convention and research section at China Corporation Registrar of Shipping (財團法人中國驗船中心) until 1999. He had also been active in various bodies and holds various posts in the maritime industry communicate. Since 2006 until now, he is acting as the presidents of 中華民國船舶機械工程學會 (the Society of Marine Engineering ROC). During 2003 to 2009, he was a director of 中華海運研究協會 (Chinese Maritime Research Institute). Mr. Chiu graduated from the department of shipbuilding of 台北市國立台灣海洋大學 (the National Taiwan Ocean University) with a Bachelor degree in Engineering.

Lin Tsai-Seng (林財生), aged 62, was one of the co-founders of our Group. He is the Group's Sales and Marketing Manager and is responsible for sales and marketing functions, including client relationship management of the Group. He served as an engineer in a number of shipping companies between 1974 and 1983. Between 1983 to 2000, Mr. Lin was the General Manager of Horong Shipping Co. He is a graduate of Ocean University, Taiwan in 2005 with a Master degree in Maritime Transportation Management.

JOINT COMPANY SECRETARIES

Our joint company secretaries are Hon Kwok Ping, Lawrence and Ms. Lee Pih Peng. Hon Kwok Ping, Lawrence is employed by us on full-time basis as our Group's Director of Finance. Please refer to his biographical details in the sub-section "Directors, senior management and staff – Senior management" above.

Lee Pih Peng, aged 43, is one of the company secretaries of our Company. She is a partner in Lee & Lee, a law firm based in Singapore, and specialising in capital markets, corporate and M&A transactions, investment funds and private equity. Ms. Lee graduated from the National University of Singapore in 1990. She was admitted into the Singapore Bar in 1991 and trained with Drew & Napier as a corporate lawyer. In 1996, she obtained a Masters of Business Administration from the University of Hull and was admitted as a solicitor of England and Wales. In 1999, she was admitted as an Attorney of the New York Bar. Miss Lee joined Lee & Lee in 2005. Prior to joining Lee & Lee, she was the Head of the corporate practice at Harry Elias Partnership and established a growing corporate finance practice in addition to its general corporate practice. Miss Lee is an ordinary resident in Singapore.

CORPORATE GOVERNANCE

The Company is committed to good standards of corporate governance to enhance the long-term shareholder value. The Board has since the 2005 Singapore Invitation established the Audit Committee, the Nominating Committee and the Remuneration Committee, which have been performing their functions in accordance with written terms of reference which are in compliance with the Listing Manual and the Code of Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

Audit Committee

The Audit Committee currently comprises of Lui Chun Kin, Gary (acting as chairman of the Audit Committee), Chu Wen Yuan and Sin Boon Ann, all of whom are independent non-executive Directors.

The primary responsibilities of the Audit Committee are set out in the written terms of reference, which include the following:

(a) review with the external auditor the audit plan, their evaluation of the system of internal accounting controls, their letter to management and the management's response;

(b) review the financial statements and balance sheet and profit and loss accounts before submission to our Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Rules and any other relevant statutory or regulatory requirements;

(c) review the internal control report and ensure co-ordination between external auditors and our management and review the assistance given by our management to the auditors, and discuss problems and concerns, if any, arising from the final audit, and any matters which the auditors may wish to discuss (in absence of our management, where necessary);

(d) consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;

(e) undertake such other reviews and projects as may be requested by our Board, and will report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee; and

Nominating Committee

The Nominating Committee currently comprises of Sin Boon Ann (acting as chairman of the Nominating Committee), Lui Chun Kin, Gary, both of whom are independent non-executive Directors, and Hsu Chih-Chien, who is the Chairman of the Company and a non-executive Director.

The primary responsibilities of the Nominating Committee include the following:

(a) make recommendations to the Board on all board appointments, including re-nomination, having regard to the Director's contribution and performance including, if applicable, as an independent director. All Directors should be required to submit themselves for rotation and re-appointment at regular intervals and at least once every three years;

(b) determining annually whether or not a Director is independent, bearing in mind the circumstances set forth in the Code of Corporate Governance and any other salient factors;

(c) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director; and

(d) deciding on how our Board's performance may be evaluated and propose objective performance criteria, as approved by our Board, that allows comparison with its industry peers and which address how our Board has enhanced long-term Shareholders' value.

Remuneration Committee

The Remuneration Committee currently comprises of Chu Wen Yuan (acting as chairman of the Remuneration Committee), Sin Boon Ann, both of whom are independent non-executive Directors, and Hsu Chih-Chien, who is the Chairman of the Company and a non-executive Director.

The primary responsibilities of the Remuneration Committee include the following:

(a) implementing and administering the Share Option Scheme; and

(b) recommending to our Board a remuneration framework for our Directors and determining specific remuneration packages for each Executive Director. The recommendations of our Remuneration Committee will be submitted for endorsement by the Board.

(c) All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind will be considered by our Remuneration Committee.

(d) Each member of the Remuneration Committee shall abstain from voting on any resolutions in respect of his own remuneration package.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management receive compensation in the form of salaries, fees, allowances, benefits in kind and/or discretionary bonuses relating to the performance of our Group. We also reimburse our Directors and senior management for expenses which are necessarily and reasonably incurred for providing services to us or discharging their duties in relation to our operations.

The aggregate amount of remuneration (including fees, salaries, discretionary bonus, retirement benefit contribution (including pension), allowances, and other benefits in kind) paid to our Directors for each of the three years ended 31 December 2010 was approximately US$901,000, US$441,000 and US$520,000 respectively. Since the market condition in 2009 was unfavourable and our profitability was correspondingly affected, our Directors were willing to waive part or all of their director's fee and bonus in such year. For the year ended 31 December 2009, Hsu Chih-Chien waived directors' fee of US$80,000. Save as the waiver of directors' fee by Hsu Chih-Chien for the year ended 31 December 2009, there has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three years ended 31 December 2010. Save as disclosed in this document, no remuneration or benefit in kind have been made or are payable, in respect of the three years ended 31 December 2010 by our Group to or on behalf of any of the Directors.

The aggregate amount of fees, salaries, discretionary bonus, retirement benefit contribution (including pension), allowances, and other benefits in kind paid to our five highest paid individuals of our Company, including certain Directors, for the three years ended 31 December 2010 was approximately US$879,000, US$539,000 and US$646,000, respectively.

We have not paid any remuneration to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the three years ended 31 December 2010.

Save as disclosed above, no other payments have been paid or are payable, in respect of the three years ended 31 December 2010, by us or any of our subsidiaries to our Directors.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong, which normally means that at least two of the issuer's executive Directors must be ordinarily resident in Hong Kong. Currently, none of our executive Directors resides in Hong Kong.

Our Group's business is to provide vessel chartering services in the waters around the Greater China region as well as Indonesia, Singapore, Korea, Vietnam, Cambodia, the Philippines, Russia and certain territories in Asia. However, our Group's operation is primarily managed and conducted in Taiwan and most of the Directors are and will continue to be based in Taiwan. In view of the difficulty for our Company to either relocate its current executive Directors to Hong Kong or to appoint an additional executive Director who is an ordinarily resident in Hong Kong, our management shall continue to be based in Taiwan.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules, subject to the conditions that, among other things, we implement the measures to maintain effective communication between us and the Stock Exchange. Please refer to the section headed "Waivers from strict compliance with the Listing Rules" in this document for details.

Our Company has appointed two authorized representatives, namely Wu Chao-Huan, our managing director and executive Director, and Hon Kwok Ping, Lawrence, our Group's Director of Finance and one of our joint company secretaries, who will act at all times as our principal channel of communication with the Stock Exchange. The authorized representatives will be readily contactable by telephone, facsimile and email to deal promptly with inquiries from the Stock Exchange.

Each of our authorized representatives has access to our Board and senior management at all times. One of our authorized representatives, Hon Kwok Ping, Lawrence, ordinarily resides in Hong Kong and will be able to meet with the Stock Exchange as and when required. Each of our executive Directors, non-executive Directors and independent non-executive Directors who is not ordinarily resident in Hong Kong holds a valid travel document for travel to Hong Kong, and will make themselves available in Hong Kong if required to meet with the Stock Exchange at a reasonable period of time.

COMPLIANCE ADVISOR

We have appointed Haitong International Capital as our compliance advisor upon the Listing in compliance with Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor shall advise us under the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be considered as a notifiable or connected transaction, is contemplated, including share issues and share repurchases; and
- where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of appointment will commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

THE COMPANY'S RELATIONSHIP WITH STAFF

The relationship between management and the employees is good and there has not been any incidence of labour dispute or work stoppages which affected our operations to date. Our employees have not formed any trade union.

There was no profit sharing scheme previously implemented for our employees, although they may be eligible to participate in the Share Option Scheme after the 2005 Singapore Invitation. According to the ordinary resolution passed at the special general meeting held on 1 June 2011, the Share Option Scheme was terminated.

THE COMPANY'S RELATIONSHIP WITH CREW

We do not directly employ any of the crew required for the operation of our vessels. Instead, we have an agreement with a third party crewing agency, Tianjin Cross-Ocean, whereby Tianjin Cross-Ocean undertakes to supply us with all the crew required for the operation of our vessels, including the Master, officers, and other crew of the vessels. In consideration of its services, we agree to pay Tianjin Cross-Oceans the wage cost of the crew on a reimbursement basis and a service fee calculated based on the number of crew deployed to our vessels. As at 31 December 2008, 2009 and 2010, we had a total of 227, 184 and 218 crew operating our vessels respectively. As at Latest Practicable Date, we had a total of 221 crew operating our vessels.

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, immediately following completion of the Introduction (assuming that the options which may be granted under the Share Option Scheme is not exercised at all and no Shares may be allotted and issued or repurchased by the Company under the general mandates for the allotment and issue or repurchase of Shares granted to the Directors), the following person will have an interest or short position in the Shares and/or the underlying Shares which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying right to vote in all circumstances at general meetings of any other members of the Group.

Name	Capacity	Number of Shares	Approximate percentage of issued Shares (%)
Sea-Sea Marine	Beneficial owner	142,081,611	13.419%
Besco *(Note 1)*	Interest in a controlled corporation	142,081,611	13.419%
HSBC Trustee *(Note 1)*	Trustee	142,081,611	13.419%
Hsu Chih-Chien *(Note 1)*	Founder of a discretionary trust	142,081,611	13.419%
Yeh Wen-Yao *(Note 1)*	Interest of spouse	142,081,611	13.419%
China Lion *(Note 2)*	Beneficial owner	142,081,611	13.419%
Wu Chao-Huan *(Note 3)*	Interest in a controlled corporation	142,081,611	13.419%
Wang Ho *(Note 3)*	Interest of spouse	142,081,611	13.419%
China Harvest	Beneficial owner	142,081,611	13.419%
Chen Shin-Yung *(Note 4)*	Interest in a controlled corporation	142,081,611	13.419%
Pronto	Beneficial owner	135,451,611	12.793%
Chiu Chi-Shun *(Note 5)*	Interest in a controlled corporation	135,451,611	12.793%
Kuo Mei-Yuan *(Note 5)*	Interest of spouse	135,451,611	12.793%

Name	Capacity	Number of Shares	Approximate percentage of issued Shares (%)
Unit Century	Beneficial owner	94,676,874	8.942%
Wu Chao-Ping *(Note 6)*	Interest in a controlled corporation	94,676,874	8.942%
Hsuen A-Chou *(Note 6)*	Interest of spouse	94,676,874	8.942%

Notes:

1. Sea-Sea Marine is wholly-owned by Besco which in turn is wholly-owned by HSBC Trustee in its capacity as trustee of The Lowndes Foundation with Hsu Chih-Chien as settlor of the trust. Yeh Wen-Yao is the spouse of Hsu Chih-Chien. Besco, HSBC Trustee in its capacity as trustee of a discretionary trust with Hsu Chih-Chien as settlor of the trust, Hsu Chih-Chien and Yeh Wen-Yao are all deemed to be interested in the Shares held by Sea-Sea Marine under the SFO. Hsu Chih-Chien is deemed to be so interested by virtue of his being the founder of The Lowndes Foundation.

2. Of the 142,081,611 Shares, 131,493,318 Shares were lent to the Bridging Dealer pursuant to the Stock Borrowing and Lending Agreement, and 10,588,293 Shares were subject to the sale and repurchase pursuant to the Sale and Repurchase Agreement.

3. China Lion is owned as to 60% by Wu Chao-Huan and as to 40% by Wang Ho. Wang Ho is the spouse of Wu Chao-Huan. Wu Chao-Huan and Wang Ho are deemed to be interested in the Shares held by China Lion under the SFO.

4. China Harvest is wholly-owned by Chen Shin-Yung. Chen Shin-Yung is deemed to be interested in the Shares held by China Harvest under the SFO.

5. Pronto is wholly-owned by Chiu Chi-Shun. Kuo Mei-Yuan is the spouse of Chiu Chi-Shun. Chiu Chi-Shun and Kuo Mei-Yuan are deemed to be interested in the Shares held by Pronto under the SFO.

6. Unit Century is owned as to 52% by Wu Chao-Ping. Hsuen A-Chou is the spouse of Wu Chao-Ping. Wu Chao-Ping and Hsuen A-Chou are deemed to be interested in the Shares held by Unit Century under the SFO.

Save as disclosed above, so far as the Directors are aware, there is no other person who will, immediately following the completion of the Introduction, have interests or short positions in any of the Shares or underlying Shares which would be required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying right to vote in all circumstances at the general meetings.

AUTHORISED AND ISSUED SHARE CAPITAL

As at the Latest Practicable Date, the share capital of our Company was as follows:

	US$
Authorised share capital:	
10,000,000,000 Shares of US$0.018 each	180,000,000
Issued and fully paid share capital:	
1,058,829,308 Shares in issue	19,058,928

Ranking

Our Shares are ordinary shares of our Company and rank equally with each other in all respects, including the right to participate fully in all dividends or other distributions declared, paid or made on the Shares after the date of this document.

GENERAL MANDATE GIVEN TO THE DIRECTORS TO ISSUE SHARES

At the annual general meeting held on 27 April 2011, the Members approved the resolution pursuant to which authority was given to its Directors to issue Shares whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, convertible securities or other instruments convertible into shares, and/or issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues notwithstanding that this mandate may have ceased to be in force at the time the Instruments are issued, and/or issue shares in pursuance of any Instrument made or granted by the Directors above, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit (notwithstanding that the authority conferred by this resolution may have ceased to be in force), provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty (50) per cent. of the issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty (20) per cent. of the issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (2) below);

(2) for the purpose of this Resolution, the percentage of issued shares shall be based on the Company's issued share capital excluding treasury shares at the time this Resolution is passed (after adjusting for (a) new shares arising from the conversion or exercise of convertible securities or share options or vesting of share awards that are outstanding or subsisting at the time this Resolution is passed provided the options or awards were granted in compliance with the Listing Manual of the SGX-ST; and (b) any subsequent bonus issue, consolidation or subdivision of shares); and

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-laws for the time being of the Company.

Pursuant to the Listing Rules, the Listing Manual and the New Bye-laws, the maximum aggregate number of Shares and convertible securities of the Company (other than on a pro rata basis to all Members) which may be issued other than on a pro rata basis under the general mandate before the next annual general meeting of the Company is 211,765,861 Shares, representing 20% of the issued share capital of the Company as at the date of grant of the General Mandate.

For further details of the General Mandate, please refer to the paragraph headed "Resolutions of the Members passed at the Company's annual general meeting held on 27 April 2011" in the section headed "Further information about the Company and its subsidiaries" in Appendix VI to this document.

GENERAL MANDATE GIVEN TO THE DIRECTORS TO REPURCHASE SHARES

At the special general meeting of the Company held on 1 June 2011, the Directors have been granted a general unconditional mandate (the "Share Repurchase Mandate") to exercise all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of market purchase(s) (each a "**Market Purchase**") on the **SGX-ST** or the Stock Exchange; and/or off-market purchase(s) (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST or Stock Exchange in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Listing Manual and The Codes on Takeovers and Mergers and Share Repurchases of Hong Kong, and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Bermuda Companies Act, the Bye-laws, the Listing Manual, the Listing Rules and The Codes on Takeovers and Mergers and Share Repurchases of Hong Kong Provided That:–

(i) the exercise by the Directors of the powers of the Company to make Market Purchases and Off-Market Purchases on the Stock Exchange shall be contingent upon and subject to the Listing;

(ii) the exercise by the Directors of the powers of the Company to make Off-Market Purchases on the Stock Exchange shall be contingent upon and subject to the Company complying with all applicable conditions and requirements as required under The Codes on Takeovers and Mergers and Share Repurchases of Hong Kong.

"**Maximum Limit**" means ten per cent. (10%) of the total issued ordinary shares of the Company as at the date of the last annual general meeting of the Company or the date of this special general meeting, whichever is the higher, unless the Company has effected a reduction of the share capital of the Company (other than a reduction by virtue of a share repurchase) in accordance with the applicable provisions of the Bermuda Companies Act, at any time during the Relevant Period (as hereinafter defined) in which event the issued ordinary shares of the Company shall be taken to be the total number of the issued ordinary shares of the Company as altered by such capital reduction (the total number of ordinary shares shall exclude any ordinary shares that may be held as treasury shares by the Company from time to time);

"**Relevant Period**" means the period commencing from the date on which the last annual general meeting of the Company was held and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier, after the date of this Resolution;

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase, five per cent. (5%) above the average of the closing market prices of the Shares over the five (5) Market Days on which transactions in the Shares were recorded before the day on which the Market Purchase was made by the Company and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period; and

(ii) in the case of an Off-Market Purchase, twenty per cent. (20%) above the average of the closing market prices of the Shares over the five (5) Market Days on which transactions in the Shares were recorded before the day on which the Company makes an announcement of an offer under the Off-Market Purchase scheme and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

The Share Repurchase Mandate will remain in effect until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company is held or date by which such annual general meeting is required to be held;

(ii) the date on which the share repurchases are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Repurchase Mandate is varied or revoked;

For further details of the Share Repurchase Mandate, please refer to the paragraph headed "Resolutions of the Members passed at the Company's special general meeting held on 1 June 2011" in Appendix VI to this document.

RULE 9.09(b) OF THE LISTING RULES

According to Rule 9.09(b) of the Listing Rules, there must be no dealing in the securities for which listing is sought by any connected person of the issuer from the time of submission of the formal application for listing until the listing is granted. We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 9.09(b) of the Listing Rules which restricts such dealings in the Shares prior to Listing. Please refer to the paragraph headed "Dealings in the Shares prior to Listing" in the section headed "Waivers from strict compliance with the Listing Rules" in this document for details of the waiver.

RULES 10.07 AND 10.08 OF THE LISTING RULES

We have applied for, and the Stock Exchange has granted to our Company, a waiver from strict compliance with Rule 10.07(1) of the Listing Rules to allow China Lion to dispose of its interests in our Company during the First Six-Month Period where such disposal is made pursuant to the Stock Borrowing and Lending Agreement and the Sale and Repurchase Agreement. Please refer to the section headed "Waivers from strict compliance with the Listing Rules – share disposal restriction waiver" in this document for details of such waiver.

We have applied for, and the Stock Exchange has granted to our Company, a waiver from strict compliance with the restrictions on further issue of securities within the First Six-Month Period under Rule 10.08 of the Listing Rules and a consequential waiver from strict compliance with Rule 10.07(1)(a) of the Listing Rules in respect of the deemed disposal of Shares by the Controlling Shareholders upon the issue of securities by our Company within the First Six-Month Period. Please refer to the section headed "Waivers from strict compliance with the Listing Rules – share issue restriction waiver" in this document for details of such waiver.

The following table sets forth for the periods indicated the reported high, low, month end and monthly average of the closing trading prices on SGX-ST for our Shares from 1 January 2008 until the Latest Practicable Date. Historical Share prices may not be indicative of the prices at which our Shares will trade following completion of the Listing. Please refer to the paragraph headed "There are different characteristics between the Singapore stock market and the Hong Kong Stock Market" in the section headed "Risk Factors" in this document.

	High (S$)	Low (S$)	Month End (S$)	Monthly Average (S$)
2008				
January	0.44	0.28	0.31	0.35
February	0.39	0.31	0.37	0.35
March	0.41	0.34	0.38	0.37
April	0.44	0.38	0.43	0.4
May	0.44	0.38	0.4	0.41
June	0.41	0.34	0.34	0.37
July	0.36	0.32	0.33	0.34
August	0.34	0.31	0.33	0.32
September	0.34	0.2	0.22	0.26
October	0.23	0.1	0.12	0.16
November	0.17	0.12	0.12	0.13
December	0.13	0.11	0.13	0.12
2009				
January	0.14	0.12	0.13	0.13
February	0.14	0.12	0.13	0.14
March	0.14	0.11	0.13	0.12
April	0.19	0.13	0.17	0.16
May	0.22	0.14	0.2	0.18
June	0.25	0.19	0.2	0.21
July	0.23	0.19	0.22	0.21
August	0.25	0.2	0.22	0.22
September	0.27	0.21	0.22	0.22
October	0.22	0.19	0.19	0.2
November	0.2	0.16	0.17	0.19
December	0.2	0.17	0.19	0.19
2010				
January	0.22	0.19	0.19	0.2
February	0.19	0.17	0.18	0.18
March	0.22	0.18	0.2	0.19
April	0.24	0.2	0.22	0.22
May	0.22	0.17	0.19	0.19
June	0.21	0.17	0.19	0.19
July	0.2	0.19	0.19	0.19
August	0.2	0.18	0.19	0.19
September	0.2	0.18	0.19	0.19
October	0.2	0.19	0.19	0.19
November	0.19	0.18	0.18	0.19
December	0.19	0.18	0.18	0.19
2011				
January	0.22	0.19	0.19	0.19
February	0.19	0.18	0.19	0.19
March	0.19	0.17	0.19	0.18
April	0.19	0.18	0.19	0.19
May	0.17	0.15	0.16	0.17
June (up to Latest Practicable Date)	0.16	0.15	0.15	0.15

The following table set forth the average daily trading volume and turnover of each month of our Shares from 1 January 2008 until the Latest Practicable Date. Our Shares commenced trading on SGX-ST on 13 October 2005.

	Average Daily Volume (Shares)	Percentage of average daily total volume to number of Shares in issue (%)	Average Daily Turnover (S$)
2008			
January	2,811,500	0.266	984,025
February	2,215,053	0.209	775,269
March	1,143,778	0.108	423,198
April	466,727	0.044	186,691
May	1,549,750	0.146	635,398
June	467,800	0.044	173,086
July	234,609	0.022	79,767
August	259,524	0.025	83,048
September	498,227	0.047	129,539
October	778,524	0.074	124,564
November	611,000	0.058	79,430
December	397,429	0.038	47,691
2009			
January	186,053	0.018	24,187
February	116,450	0.011	16,303
March	204,591	0.019	24,515
April	791,143	0.075	126,583
May	2,521,250	0.238	453,825
June	1,740,364	0.164	365,476
July	776,000	0.073	162,960
August	1,955,300	0.185	430,166
September	2,074,619	0.196	456,416
October	1,085,318	0.103	217,064
November	663,450	0.063	126,056
December	479,500	0.045	91,105
2010			
January	1,248,750	0.118	249,750
February	213,722	0.02	38,470
March	815,174	0.077	154,883
April	2,439,810	0.23	536,758
May	631,350	0.06	119,957
June	746,500	0.071	141,835
July	285,455	0.027	54,236
August	564,429	0.053	107,242
September	865,905	0.082	164,522
October	652,429	0.062	123,962
November	523,100	0.049	99,389
December	248,739	0.023	47,260
2011			
January	1,511,857	0.143	287,253
February	512,444	0.048	97,364
March	311,478	0.029	56,066
April	555,700	0.052	105,583
May	240,100	0.023	40,817
June (up to Latest Practicable Date)	136,667	0.013	20,690

TRADING RECORD

The following table is a summary of our combined results for each of the three years ended 31 December 2010 prepared on the basis that our current structure was in existence throughout the period under review. The summary should be read in conjunction with the accountants' report set out in Appendix I to this document.

	Year ended 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Revenue	75,660	27,939	46,521
Cost of services	(35,513)	(29,011)	(35,192)
Gross profit (loss)	40,147	(1,072)	11,329
Other income	1,833	2,395	399
Other gains and losses	3,215	1,863	973
Administrative expenses	(3,961)	(2,599)	(3,487)
Share of result of an associate	(542)	(223)	–
Finance costs	(198)	(257)	(119)
Profit before income tax	40,494	107	9,095
Income tax expense	(11)	(32)	(71)
Profit for the year	40,483	75	9,024
Other comprehensive income			
Exchange differences arising on translation of the Group's foreign operation	4	(49)	–
Surplus on revaluation of leasehold land and building	–	–	152
	4	(49)	152
Total comprehensive income for the year attributable to owners of the Company	40,487	26	9,176

GENERAL FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Global and regional economic and trade conditions

Our business depends substantially on the global economic and regional economic and market conditions, in particular, the China economic, level of international and regional trade in particular, the China trade. For the year ended 31 December 2009, our revenue and net profit decreased by approximately 63.1% and 99.8% respectively as compared to the previous year, which was mainly due to the general decrease in freight rates in the market resulted from the slowdown of the global economy as a result of the financial tsunami which occurred in December 2008. On the other hand, our revenue is also affected by the increasing importance of dry bulk trading in China as compared with the world. Any fluctuation of the global economic and China economic and trade may affect the market freight rate and our revenue.

World dry bulk vessels

Increase in the supply of vessel chartering capacity in the world can intensify the competitive pressure in the market and thereby affect the charter freight rates to be offered by us. Due to the increasing total capacity of the world dry bulk fleet from approximately 294.7 million dwt at the end of 2002 to approximately 515.3 million dwt at the end of 2010, representing a CAGR of approximately 7.2% and the capacity of ordered vessels as at end-Dec 2010 as compared with that of the world fleet as at 31 December 2010 of approximately 46.9%, the supply of world dry bulk vessels in near future is expected to increase which may have adverse affect on the market freight rate.

Spot Charter hire rate

Except for 2009, the majority of our revenue was derived from spot charter contracts. Spot charter hire rate could be fluctuated in line with global economic conditions and trade activities.

Fleet composition and capacity of the Group

Our revenue is fundamentally varied by the number of vessels owned and by us and our fleet composition. As at the Latest Practicable Date, our fleet comprised one Capsize vessel, four Panamax vessels, two Handymax vessels and two Handysize vessels with a total carrying capacity of approximately 577,000 dwt. By acquiring additional vessels or disposing any of our vessels, we are able to change and optimise our fleet structure. The utilization rate of our vessels depends on the supply and demand of the market.

BASIS OF PRESENTATION

The financial statements are prepared in accordance with the historical cost basis, except as disclosed in the accounting policies described in "Appendix I – Accountants' Report", and are drawn up in accordance with IFRS. The consolidated financial statements incorporate the financial statements of our Company and entities controlled by our Company (its subsidiaries). Control is achieved where we have the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of our Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. The methods, estimates and judgments that we use in applying our accounting policies may have a significant impact on our results as reported in our consolidated financial statements included elsewhere is this document. Some of the accounting policies require us to make difficult and subjective judgments. Below is a summary of the accounting policies in accordance with IFRS that we believe are both important to the presentation of our financial results and involve the need to make judgments, estimates and assumptions about the effect of matters that are inherently uncertain. We also have other policies that we consider to be significant accounting policies, which are set forth in detail in Note 3 to the Accountants' Report in Appendix I to this document.

Critical accounting policies

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

Income from voyage charter and time charter is recognised as revenue on the percentage of completion basis, so that revenue is recognised on the time proportion method of each individual voyage.

Ship management income is recognised when the services are rendered.

Rentals receivable under operating leases are recognised in profit or loss on a straight-line basis over the relevant lease term.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholder's right to receive payment have been established.

Property, plant and equipment

Property, plant and equipment including leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated at cost or fair value less subsequent accumulated depreciation and accumulated impairment losses, if any.

Leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statements of financial position at their revalued amounts, being the fair values at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on revaluation of leasehold land and buildings is recognised in other comprehensive income and accumulated in the property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on revaluation of an asset is recognised in profit or loss to the extent that it exceeds the balance, if any, on the property revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Depreciation is provided to write off the cost or fair value of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. When parts of an item of property, plant and equipment have different useful lives, the cost of each part is depreciated separately.

Depreciation of vessels is charged so as to write off the costs of vessels over their remaining estimated useful lives from the date of their acquisition, after allowing for residual values estimated by the directors, using the straight-line method. Each vessel's residual value is equal to the product of its lightweight tonnage and estimated scrap rate.

Upon acquisition of a vessel, the components of the vessel which are required to be replaced at the next drydocking are identified and their costs are depreciated over the period to the next estimated drydocking date, usually ranging from 2.5 to 5 years. Costs incurred on subsequent drydocking of vessels are capitalised and depreciated over the period to the next estimated drydocking date. When significant drydocking costs incurred prior to the expiry of the depreciation period, the remaining costs of the previous drydocking are written off immediately.

Expenditure incurred after items of property, plant and equipment have been put into operations, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement.

The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Investment Properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in gains or losses.

Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held-for-trading and those designated as FVTPL, of which interest income is included in gains or losses.

A financial asset is classified as held-for-trading if:

- it has been acquired principally for the purpose of selling in near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-making; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss of financial assets below).

Impairment loss on financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets carried at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other periods, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Residual value and useful lives of property, plant and equipment

As described in note 3 to the accountants' report set out in Appendix I to this document, property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives to the estimated residual value. The Group determined residual value for all its vessels. This estimate is based on the relevant factors (including the use of the current scrap values of steels in an active market as a reference value) at each measurement date. The Group assesses regularly the residual value and useful life of the property, plant and equipment and if the expectation differs from the original estimate, such difference will impact the depreciation in the year in which such estimate has been changed.

Impairment of property, plant and equipment

The Group assesses regularly whether property, plant and equipment have any indication of impairment in accordance with its accounting policy. The Group reviews the carrying amounts of the vessels based on the value in use of the vessels. These calculations require the use of judgment and estimates. On the above basis, the Group is of the view that no impairment of vessels is required. The carrying amount of the Group's vessels was approximately US$63,081,000, US$53,643,000 and US$66,397,000 as at 31 December 2008, 2009 and 2010 respectively.

Impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. The carrying amount of trade receivables was approximately US$2,678,000, US$2,228,000 and US$1,257,000 as at 31 December 2008, 2009 and 2010, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE TRACK RECORD PERIOD

Investors should read the following management discussion and analyses in conjunction with the combined financial statements of our Group for the Track Record Period, which is set forth in the accountants' report set out in Appendix I to this document. Except for the financial information extracted from the combined financial statements of our Group, the remainder of our financial information presented herein has been extracted or derived from other financial records of our Group which the Directors have taken a reasonable amount of care to prepare. Investors should read the whole of the accountants' report and not rely merely on the financial synopsis contained in this section.

Overview

We provide vessel chartering services to our charterers. We own and operate nine dry bulk vessels, including one Capsize vessel, four Panamax vessels, two Handymax vessels and two Handysize vessels with a total carrying capacity of approximately 577,000 dwt. During the Track Record Period, we mainly deployed our existing and disposed vessels in the waters around the Greater China region as well as Indonesia, Singapore, Korea, Vietnam, Cambodia, the Philippines, Russia and certain territories in Asia. We generally transport dry bulk commodities including coal, sea sand and bauxite as well as iron ore and minerals during the Track Record Period.

During the Track Record Period, other than the CoA we entered into with a Singapore construction company, all other charter contracts we secured were spot charter contracts. Spot charter contracts are one-off charter contracts where their freight rates are agreed based on instant (i.e. current) market rate. CoAs are longer-term vessel charter contracts where their freight rates are pre-determined and prevail throughout the agreed period under the contracts.

Under spot charter contracts, freight rates could be calculated based on voyage charter or time charter. In voyage charter, subject to a minimum fixed freight, we charge freight rates based on the weight of cargos transported and charterers are responsible for both operating costs and voyage costs, mainly bunker costs, of the vessels. The final rates might be adjusted depending on the occurrence of demurrage or dispatch, if any. Additional charges will be imposed on the charterer in demurrage whereas credits will be given to the charterer in dispatch. We will issue the final invoice or credit note to the charterer after the above is ascertained.

Under time charter, we charge charter-hire on a per day basis, and we are responsible for the operating costs of the vessels, while charterers are responsible for the voyage costs of the vessels and bear the risk of any delays at port or during the voyage except for delays caused by us.

During the Track Record Period, we only had one CoA made with a Singapore construction company and its charter term was voyage charter.

We generate revenue mainly from providing vessel chartering services. For each of the three years ended 31 December 2010, our revenue was approximately US$75.7 million, US$27.9 million and US$46.5 million respectively; and our net profit was approximately US$40.5 million, US$75,000 and US$9 million respectively. Our Directors believe that the relatively significant drop in our profitability

in 2009 was mainly due to the contraction of global trade finance resulted from the global financial crisis and a drop in China's coal exports during such period, which lowered the global demand for vessel chartering services and our freight rates. Following recovery of the global economy and trade activities, our financial performance in 2010 has steadily improved.

Overview of major items of statement of our comprehensive income

Revenue

During the Track Record Period, our revenue was mainly derived from the provision of vessel chartering services. Our revenue decreased by approximately 63.1% from approximately US$75.7 million in 2008 to approximately US$27.9 million in 2009. Such decline was mainly due to a drop in China's coal exports and the contraction of global trade finance resulted from the global financial crisis during such period. In this regard, as there were (i) more stringent credit criteria lines being applied; (ii) more capital allocation restrictions being imposed; and (iii) reductions in inter-bank lending, the decrease in credit lines resulted in a decline in global trade activities. Accordingly, the demand for vessel charter services decreased which led to a decrease in the freight rates of the whole shipping industry (including ours).

Due to the global contraction of trade finance resulted from the financial crisis in late 2008, the demand for spot charter contracts and the market freight rates were adversely affected. Since our vessel chartering services heavily rely on spot charter contracts which are more prone to market fluctuation, the decrease in the demand for spot charter contracts and the decrease in freight rates had a greater impact on our revenue in 2009 than our competitors, which might have different extent of reliance on spot charter contracts. If our competitors have more CoAs, as the duration term and the freight rates of such long-term contracts are pre-determined, their performance would be less affected by the poor economic condition. In addition, the decrease in coal exports from China in 2009 resulted in a decrease in the number of spot charter contracts we secured in 2009. Notwithstanding the increase in coal imports to China in 2009, we were unable to secure more spot charter contracts in respect of coal imports to China because of (i) keen competition; and (ii) low demand from our existing customers, and therefore we could not capture the upside of such increase in coal imports. Due to the abrupt change in the market condition during 2009, we had less spot charter contracts, and therefore the overall utilization rate of our vessels decreased from approximately 76.5% to approximately 71.2%. Together with the effect of the decrease in our freight rates, our revenue experienced a significant decrease in 2009.

Our revenue increased by approximately 66.7% from approximately US$27.9 million in 2009 to approximately US$46.5 million in 2010. We acquired a Capesize vessel (i.e. MV Cape Warrior) and a Panamax vessel (i.e. MV Panamax Leader) in 2010, which increased our fleet's total carrying capacity. Following the global economic recovery from the financial crisis, given that we rely on spot charter contracts which allow flexibility in capturing the upside in the shipping market, the overall utilization rate of our vessel increased from approximately 71.2% in 2009 to approximately 85.1% in 2010. Due to the increase in our fleet's total carrying capacity and the improved freight rates and overall utilization rate of our vessels, our revenue recorded a increase in 2010 compared to 2009.

The following table set outs a breakdown of our revenue during the Track Record Period.

	Year ended 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Revenue			
Spot charter contracts	61,878	12,992	35,122
CoA	13,642	14,587	11,135
Ship management	140	360	264
	75,660	27,939	46,521

For the year ended 31 December 2008, the revenue attributable to spot charter contracts and the CoA were approximately US$61.9 million and US$13.6 million respectively, which represented approximately 81.8% and 18.0% of our revenue of such year respectively. For the year ended 31 December 2009, the revenue attributable to spot charter contracts and the CoA were approximately US$13 million and US$14.6 million respectively, which represented approximately 46.5% and 52.2% of our revenue of such year respectively. There was a significant change in the proportion between the revenue attributable to spot charter contracts and the CoA in 2009 as compared to 2008. This was mainly due to the decrease in the revenue generated from spot charter contracts from approximately US$61.9 million in 2008 to approximately US$13 million in 2009, which was due to the contraction of the global trade finance during such period as explained above. On the other hand, our revenue generated from the CoA remained steady in 2008 and 2009 as the performance of such long-term contract was not affected by the poor economic condition. As a result, the revenue proportion attributable to spot charter contracts and the CoA became nearly even in 2009.

For the year ended 31 December 2010, the revenue attributable to spot charter contracts and the CoA were approximately US$35.1 million and US$11.1 million respectively, which represented approximately 75.5% and 23.9% of our revenue of such year respectively. For the year ended 31 December 2009, the revenue attributable to spot charter contracts and the CoA were approximately US$13 million and US$14.6 million respectively, which represented approximately 46.5% and 52.2% of our revenue of such year respectively. Since we were able to secure more spot charter contracts in 2010 compared to the number in 2009, the proportion of the revenue attributable to spot charter contracts had an increase in 2010.

The following table sets forth the breakdown of shipment revenue attributable to each type of our dry bulk commodities transported during the Track Record Period:–

Breakdown by percentage of revenue

	For the years ended 31 December		
	2008	**2009**	**2010**
Coal	69.8%	30.4%	51.3%
Sea sand	18.3%	52.7%	23.9%
Bauxite	7.9%	8.5%	15.5%
Iron ore	0.7%	1.3%	7.1%
Others	3.3%	7.1%	2.2%
Total	100.0%	100.0%	100.0%

The following table sets out the information of our fleet capacity during the Track Record Period.

Name of vessels	**Type of dry bulk vessels**	**Tonnage available (DWT)**	**Date of becoming the registered owner of the vessels**
Cape Warrior	Capesize	146,000	September 2010
Courage	Panamax	67,000	August 2003
Panamax Leader	Panamax	67,000	September 2010
Sea Pioneer	Panamax	67,000	February 2009
Valour	Panamax	67,000	March 2006
Heroic	Handymax	42,000	June 2006
Zorina	Handymax	48,000	November 2008
Bravery	Handysize	36,000	March 2006
Raffles	Handysize	38,000	April 2005
Cape Ore *(Note)*	Capesize	128,000	February 2010
Panamax Mars *(Note)*	Panamax	62,000	July 2004
Ally II *(Note)*	Handysize	35,000	April 2002
Jeannie III *(Note)*	Handysize	35,000	December 2001

Note:

We disposed such vessels during the Track Record Period and they are no longer our vessels.

The following table sets out our fleet utilization information for the Track Record Period.

	Utilization rate *(Note)* Year ended 31 December		
Vessel name	**2008**	**2009**	**2010**
Capesize	–	–	61.9%
Panamax	62.3%	57.8%	81.3%
Handymax	90.4%	78.2%	98.5%
Handysize	83.7%	79.9%	86.9%
Overall	**76.5%**	**71.2%**	**85.1%**

Note: The utilization rate for each vessel is calculated based on the aggregated number of days during which the underlying vessel(s) was/were owned and operated by us, less such estimated aggregated number of off-hire days due to dry-docking or other repair and maintenance and the off-hire period in between two charter periods, divided by the total number of days of the underlying vessel(s) owned and operated by us for the year (on the basis of 365 days per year).

The following tables set forth the details of calculating the utilization rate of each type of our vessels and the overall utilization rate of our fleet during the Track Record Period:–

	For the year ended 31 December 2008				
Vessel Name	**Aggregated number of days for which the type of vessel(s) operated by us (A)**	**Aggregated number of days without charter hire due to repair and maintenance (B)**	**Aggregated number of days without charter hire for reasons other than repair and maintenance (C)**	**Aggregated number of days for calculating the average Daily TCE (A)-(B)-(C)**	**Utilization Rate ((A)-(B)-(C))/(A)**
Capesize	–	–	–	–	–
Panamax	1,138	250	179	709	62.3%
Handymax	437	–	42	395	90.4%
Handysize	1,407	163	66	1,178	83.7%
Overall	2,982	413	287	2,282	76.5%

	For the year ended 31 December 2009				
Vessel Name	Aggregated number of days for which the type of vessel(s) operated by us (A)	Aggregated number of days without charter hire due to repair and maintenance (B)	Aggregated number of days without charter hire for reasons other than repair and maintenance (C)	Aggregated number of days for calculating the average Daily TCE (A)-(B)-(C)	Utilization Rate ((A)-(B)-(C))/(A)
Capesize	–	–	–	–	–
Panamax	1,098	143	320	635	57.8%
Handymax	730	57	102	571	78.2%
Handysize	1,095	72	148	875	79.9%
Overall	2,923	272	570	2,081	71.2%

	For the year ended 31 December 2010				
Vessel Name	Aggregated number of days for which the type of vessel(s) operated by us (A)	Aggregated number of days without charter hire due to repair and maintenance (B)	Aggregated number of days without charter hire for reasons other than repair and maintenance (C)	Aggregated number of days for calculating the average Daily TCE (A)-(B)-(C)	Utilization Rate ((A)-(B)-(C))/(A)
Capesize	278	49	57	172	61.9%
Panamax	1,321	3	244	1,074	81.3%
Handymax	730	4	7	719	98.5%
Handysize	952	45	80	827	86.9%
Overall	3,281	101	388	2,792	85.1%

For each of the three years ended 31 December 2010, the overall utilization rates of our vessels were approximately 76.5%, 71.2% and 85.1% respectively. The utilization rates of our Panamax vessels were relatively low comparing to those of other vessels in 2008 and 2009. Such low utilization rates were mainly due to the decrease in the number of spot charter contracts we secured in the second half of 2008 and first half of 2009 resulted from the contraction of global trade finance and global economic crisis and also a drop in China's coal exports. These were also the primary reasons for the decrease in the utilization rate of our Handysize vessels in 2009. As our Handysize vessels were engaged in connection with the CoA made with a Singapore construction company during such period, the utilization rates of which was not significantly affected by the unfavourable economic condition in 2008 and 2009.

Following the global economic recovery, the utilization rates of our Panamax, Handymax and Handysize vessels were all improved in 2010. In particular, the utilization rate of our Handymax vessels reached approximately 98.5% in such year. The utilization rate of our Capesize vessel in 2010 was approximately 61.9%, which was mainly due to the non-operating time used for the repair and maintenance work performed after our acquisition of which in May 2010.

Our Directors are of the view that our diverse fleet could provide us with the flexibility to meet various needs of our customers. We intend to look for reasonably priced second-hand vessels to expand of our fleet. To generate long-term value, we remain open to the possibilities of purchasing new vessels in the future. Our Directors are of the view that by expanding and modernizing our fleet and optimising our fleet composition, we will be able to (i) maintain and consolidate our customer base; (ii) enhance our overall competitiveness; (iii) secure more stable charter hire income; and (iv) achieve a better cost-efficiency as a result of economy of scale.

Cost of services

Our cost of services represented the operating expenses of our vessels, which mainly include depreciation expenses, port expenses, bunker expenses, agency fees for vessel crews, insurance and repair and maintenance.

The following table sets out the breakdown of our cost of services during the Track Record Period.

	Year ended 31 December					
	2008		**2009**		**2010**	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
Depreciation expenses	6,647	18.7	10,548	36.4	9,087	25.8
Agency fees for vessel crews	3,774	10.6	3,628	12.5	4,682	13.3
Repairs and maintenance expenses	2,085	5.9	1,892	6.5	2,032	5.8
Insurance	1,683	4.7	1,590	5.5	2,382	6.8
Port expenses	2,760	7.8	1,973	6.8	2,670	7.6
Bunker expenses	16,840	47.4	7,355	25.3	12,116	34.4
Others	1,724	4.9	2,025	7.0	2,223	6.3
Total	**35,513**	**100.0**	**29,011**	**100.0**	**35,192**	**100.0**

Our cost of services decreased by approximately 18.3% from approximately US$35.5 million in 2008 to approximately US$29 million in 2009. The decrease was mainly due to the decrease in bunker expenses and port expenses. Notwithstanding the depreciation expenses increased from approximately US$6.6 million in 2008 to US$10.5 million in 2009 resulted from the expansion of our fleet towards

the end of 2008 which increased our depreciation expenses in 2009, the bunker expenses and port expenses decrease from approximately US$16.8 million and US$2.8 million in 2008 to approximately US$7.4 million and US$2 million in 2009 respectively due to the decrease in the utilization rate of our fleet as a result of the global economic crisis. Notwithstanding the decrease in our cost of services in 2009 compared to 2008, the agency fees for our vessel crew did not alter much. Since each of our vessels is required to maintain a minimum number of crew members at all times in accordance with the ISM Code, and the agency fees for vessel crew paid to Tianjin Cross-Ocean is calculated with reference to the number of vessel crew members paid instead of the number of voyages that the vessel crew members worked on, therefore the agency fees for vessel crew incurred in 2009 did not decrease substantially even though there is less voyages during the same period.

Our cost of services increased by approximately 21.4% from approximately US$29 million in 2009 to approximately US$35.2 million in 2010. The increase was mainly due to the increase in bunker expenses and port expenses as the bunker expenses and port expenses increase from approximately US$7.4 million and US$2 million in 2009 to approximately US$12.1 million and US$2.7 million in 2010 respectively due to the increase in the utilization rate of our fleet as a result of the recovery from the global economic crisis. Due to the expansion of our fleet size and the increase in crew agency fee per head, our total crew agency fee and insurance also increased correspondingly from approximately US$3.6 million and US$1.6 million in 2009 to approximately US$4.7 million and US$2.4 million in 2010 respectively. The increase in insurance cost in 2010 was attributable to the amortisation effect of the insurance payments. Accordingly, we recorded an increase in our cost of services in 2010 compared to 2009.

Gross profit and gross profit margin

The following table sets out our gross profit during the Track Record Period.

	Year ended 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Gross profit (loss)	40,147	(1,072)	11,329
Gross profit (loss) margin	53.1%	(3.8)%	24.4%

During the Track Record Period, our gross profit (loss) margins were approximately 53.1%, (3.8)% and 24.4% respectively.

Other income

Our other income mainly includes rental income, interest income from banks and certificate of deposit, insurance claims and sundry income. For each of the three years ended 31 December 2010, our other income was approximately US$1.8 million, US$2.4 million, and US$0.4 million respectively.

Other gains and losses

Our other gains and losses mainly include gain on disposal of property, plant and equipment, gain on disposal of assets held for sale, change in fair value of investment property, change in fair value of held-for-trading investments, gain on disposal of an associate, exchange gain and allowance for doubtful receivables. For each of the three years ended 31 December 2010, our other gains and losses was approximately US$3.2 million, US$1.9 million, and US$1 million respectively.

Administrative expenses

Our administrative expenses mainly comprise salary and bonus, directors' remuneration, office rent, legal and professional fees and auditors' remuneration. For each of the three years ended 31 December 2010, our administrative expenses were approximately US$4 million, US$2.6 million and US$3.5 million respectively.

Share of result of an associate

Our share of result of an associate was due to our acquisition of 11,200,420 ordinary shares of Sunrise, representing approximately 25% of its issued share capital, in August 2007. In connection with the acquisition, we were granted a put option in which we were entitled to sell the acquired shares to the seller at the purchase price. This put option was exercised by us in May 2009 and was accepted by the seller in July 2009. As a result, we have equity accounted for Sunrise up to 30 June 2009.

Finance costs

Our finance costs mainly comprise interest expenses from bank loans. For each of the three years ended 31 December 2010, our finance costs were approximately US$198,000, US$257,000 and US$119,000 respectively.

Income tax expenses

The Company's subsidiaries incorporated in Hong Kong, namely, Courage Marine HK, Courage Marine Holdings and Courage Marine Property, are required to pay profit tax on their respective assessable profit (if any) in each year of assessment during Track Record Period. Courage Marine HK paid profit tax in Hong Kong during the Track Record Period, which was arisen from (i) the taxable trading gain of disposal of listed securities in 2009; and (ii) the management fees received from other group companies for assistance in handling bank transactions, accounting and financial management in Hong Kong. Courage Marine Holdings and Courage Marine Property have not incurred any profit tax during the Track Record Period. The Company's subsidiary incorporated in Taiwan, namely, Courage Amego Agency, is required to pay business tax (based on turnover) for each tax year during the Track Record Period. However, Courage Amego Agency has not incurred any profit tax during the Track Record Period. Courage Marine Shanghai Office is required to pay PRC income tax quarterly and it has opted to pay such tax based on the cost-plus method (based on expenses) during the Track Record Period. The abovementioned subsidiaries are not liable to income tax in any other jurisdiction. In the opinion of the Directors, none of the members of the Group (other than as stated above) is liable to income tax in any jurisdiction. The Group's effective tax rates during the Track Record Period are as follows:

2008	:	0.03%
2009	:	29.91%
2010	:	0.78%

The amount of our income taxes during the Track Record Period was relatively stable, i.e. approximately US$11,000, US$32,000 and US$71,000 respectively. The particularly high effective tax rate in 2009 was due to our comparatively low profit before taxation as a result of the global financial crisis.

Hong Kong tax laws apply to our subsidiaries in Hong Kong. No provision for Hong Kong profit tax has been made during the years ended 31 December 2008 and 2009 as our income neither arises in, nor is derived from Hong Kong. Hong Kong profit tax is calculated at 16.5% of the estimated assessable profit of our Hong Kong subsidiary for the year ended 31 December 2010. PRC tax laws apply to the Courage Marine Shanghai Office. PRC income tax for the year ended 31 December 2010 is calculated at 25% of the assessable profit of Courage Marine Shanghai Office. Taiwan tax laws apply to Courage Amego Agency. Taiwan income tax is calculated at 25% of the assessable profit of Courage Amego Agency during the Track Record Period.

During the Track Record Period, the exposure to the withholding tax on our freight income charged by the tax authority of the relevant countries is considered not significant as the withholding tax should have been included in port expenses payable by charterers. Consequently, no further provision on withholding tax is required to be made. If the charterers shall fail to pay the port expenses, we are required to pay such withholding tax on its freight income.

Nevertheless, the Controlling Shareholders (save for Sea-Sea Marine) have entered into the Deed of Indemnity pursuant to which they will indemnity our Group against any unprovided taxes and liabilities falling on any member of our Group resulting from or by reference to any income, profits or gains earned, accrued on received on or before the date on which Introduction becomes unconditional. Please refer to the paragraph headed "Deed of Indemnity" in Appendix VI of this document.

Other comprehensive income

Our other comprehensive income is mainly the reversal of exchange differences on translation of foreign operations and surplus on revaluation of leasehold land and building. For each of the three years ended 31 December 2010, our other comprehensive income was approximately US$4,000, a loss of US$49,000 and US$152,000 respectively.

Review of historical operating results

Year ended 31 December 2009 compared to year ended 31 December 2008

Revenue

Our revenue decreased by approximately 63.1% from approximately US$75.7 million in 2008 to approximately US$27.9 million in 2009. Such decline was mainly due to a drop in China's coal exports and the contraction of global trade finance resulted from the global financial crisis during such period. In this regard, as there were (i) more stringent criteria for credit lines were being applied; (ii) more capital allocation restrictions being imposed; and (iii) reductions in inter-bank lending, the decrease in credit lines resulted in a decline in global trade activities. Accordingly, the demand for vessel charter services decreased which led to a decrease in freight rates for the whole shipping industry (including ours).

Due to the global contraction of trade finance resulted from the financial crisis in late 2008, the demand for spot charter contracts and the market freight rates were adversely affected. Since our vessel chartering services heavily rely on spot charter contracts which are more prone to market fluctuation, the decrease in the demand for spot charter contracts and the decrease in freight rates had a greater impact on our revenue in 2009 than our competitors, which might have different extent of reliance on spot charter contracts. If our competitors have more CoAs, as the duration term and the freight rates of such long-term contracts are pre-determined, their performance would be less affected by the poor economic condition. In addition, the decrease in coal exports from China in 2009 resulted in a decrease in the number of spot charter contracts we secured from our customers in 2009. Notwithstanding the increase in coal imports to China in 2009, we were unable to secure more spot charter contracts in respect of coal imports to China because of (i) keen competition; and (ii) low demand from our existing customers, and therefore we could not capture the upside of such increase in coal imports. Due to the abrupt change in the market condition during 2009, we had less spot charter contracts, and therefore the overall utilization rate of our vessels decreased from approximately 76.5% to approximately 71.2%. Together with the effect of the decrease in our freight rates, our revenue experienced a significant decrease in 2009.

For the year ended 31 December 2008, the revenue derived from spot charter contracts and the CoA were approximately US$61.9 million and US$13.6 million respectively, which represented approximately 81.8% and 18.0% of our revenue of such year respectively. For the year ended 31 December 2009, the revenue derived from spot charter contracts and the CoA were approximately US$13 million and US$14.6 million respectively, which represented approximately 46.5% and 52.2% of our revenue of such year respectively. There was a significant change in the proportion between the revenue derived from spot charter contracts and the CoA in 2009 compared to 2008. This was mainly due to the decrease in the revenue generated from spot charter contracts from approximately US$61.9 million in 2008 to approximately US$13 million in 2009, which was due to the contraction of the global trade finance resulted from the global financial crisis during such period as explained above. On the other hand, our revenue generated from the CoA remained steady in 2008 and 2009 as the performance of such long-term contract was not affected by the poor economic conditions. As a result, the revenue proportion attributable to spot charter contracts and the CoA became nearly even in 2009.

Cost of services

Our cost of services decreased by approximately 18.3% from approximately US$35.5 million in 2008 to approximately US$29 million in 2009. The decrease was mainly due to the decrease in bunker expenses and port expenses. Notwithstanding the increase in depreciation expenses from approximately US$6.6 million in 2008 to US$10.5 million in 2009 as a result of the expansion of our fleet towards the end of 2008 which increased our depreciation expenses in 2009, the bunker expenses and port expenses decreased from approximately US$16.8 million and US$2.8 million in 2008 to approximately US$7.4 million and US$2 million in 2009 respectively. This was due to the decrease in the utilization rate of our fleet as a result of the global economic crisis. Notwithstanding the decrease in our cost of services in 2009 compared to 2008, the agency fees for our vessel crew did not alter much. Since each of our vessels is required to maintain a minimum number of crew members at all

times in accordance with the ISM Code, the agency fees for our vessel crew are relatively fixed by reference to the number of vessels owned by us. Even when there were no voyage for our vessels, the agency fees for our vessel crew would still have been incurred.

Gross loss

Due to (i) the drop in China's coal exports and the contraction of global trade finance resulted from the global financial crisis during such period which led to a decrease in the market freight rates (including ours); (ii) our heavy reliance on spot charter contracts; and (iii) our inability to secure more spot charter contracts in respect of coal import to China, where our cost of services comprised a number of fixed cost items which were not materially affected by the decrease in our revenue, we recorded a gross loss of approximately US$1.1 million in 2009 compared to the gross profit of approximately US$40.1 million in 2008.

Other income

Our other income increased by approximately 33.3% from approximately US$1.8 million in 2008 to approximately US$2.4 million in 2009. The increase was mainly due to the insurance claims received of approximately US$2.2 million in 2009.

Other gain and losses

Our other gain and losses decreased by approximately 40.6% from approximately US$3.2 million in 2008 to approximately US$1.9 million in 2009. The decrease was mainly due to the decrease in our gain on disposal of plant and equipment and assets held for sale from approximately US$3.1 million in 2008 to approximately US$0.3 million in 2009.

Administrative expenses

Our administrative expenses decreased by approximately 35.0% from approximately US$4 million in 2008 to approximately US$2.6 million in 2009. The decrease was mainly due to the waiver and/or reduction of certain directors' fees, the decrease in our Director's remuneration as well as employees' salary and bonus from approximately US$0.9 million and US$1.2 million in 2008 to approximately US$0.4 million and US$0.7 million respectively.

Share of result of an associate

Our share of result of an associate decreased by approximately 58.9% from approximately US$542,000 in 2008 to approximately US$223,000 in 2009. The decrease was mainly due to the loss recorded by Sunrise where we had approximately 25% equity interest in it.

Finance costs

Our finance costs increased by approximately 29.8% from approximately US$198,000 in 2008 to approximately US$257,000 in 2009. The increase was mainly due to the increase in the interest expenses of bank loans (which were drawn in the fourth quarter of 2008) in 2009 compared to 2008.

Profit before income tax

As a result, our profit before income tax decreased from approximately US$40.5 million in 2008 to approximately US$107,000 in 2009.

Income tax expense

Our income tax expense for the year ended 31 December 2009 increased by approximately 190.9% from approximately US$11,000 to approximately US$32,000. The increase was mainly due to the increase in management fees received by Coverage Amego Agency (incorporated in Taiwan) as a result of the expansion of our fleet.

Other comprehensive income/loss

Our comprehensive income for the year ended 31 December 2008 was approximately US$4,000, but we recorded a loss (in respect of exchange difference arising on translation of the Group's foreign operations concerning funrise) of approximately US$49,000 in such item for the year ended 31 December 2009, which represents a decrease of approximately 1,325.0%.

Net profit

As a result, our net profit decreased from US$40.5 million in 2008 to approximately US$75,000 in 2009.

Year ended 31 December 2010 compared to year ended 31 December 2009

Revenue

Our revenue increased by approximately 66.7% from approximately US$27.9 million in 2009 to approximately US$46.5 million in 2010. We acquired a Capesize vessel, MV Cape Warrior, in 2010, which increased our fleet's total carrying capacity. Following the global economic recovery from the financial crisis, given that we rely on spot charter contracts which allow flexibility in capturing the upside in the shipping market, our freight rates had a general increase and the overall utilization rate of our vessel increased from approximately 71.2% in 2009 to approximately 85.1% in 2010. Due to the increase in our fleet's total carrying capacity (as a result of our acquisition of two vessels, namely, MV Cape Warrior and MV Panamax Leader) and the improved freight rates and overall utilization rate of our vessels, our revenue recorded a significant increase in 2010 compared to 2009.

For the year ended 31 December 2010, the revenue derived from spot charter contracts and the CoA were approximately US$35.1 million and US$11.1 million respectively, which represented approximately 75.5% and 23.9% of our revenue of such year respectively. For the year ended 31 December 2009, the revenue derived from spot charter contracts and the CoA were approximately US$13 million and US$14.6 million respectively, which represented approximately 46.5% and 52.2% of our revenue of such year respectively. Since we were able to secure more spot charter contracts in 2010 compared to the number in 2009, the proportion of our revenue attributable to spot charter contracts had an increase in 2010.

Cost of services

Our cost of services increased by approximately 21.4% from approximately US$29 million in 2009 to approximately US$35.2 million in 2010. The increase was mainly due to the increase in bunker expenses and port expenses as the bunker expenses and port expenses increase from approximately US$7.4 million and US$2 million in 2009 to approximately US$12.1 million and US$2.7 million in 2010 respectively due to the increase in the utilization rate of our fleet as a result of the recovery of the global economy. Due to the expansion of our fleet size, our crew agency fee and insurance premium also increased correspondingly from approximately US$3.6 million and US$1.6 million in 2009 to approximately US$4.7 million and US$2.4 million in 2010 respectively. The increase in insurance in 2010 was attributable to the amortisation effect of the insurance payments. Accordingly, we recorded an increase in our cost of services in 2010 compared to 2009.

Gross profit

Due to (i) the recovery of the global economic recovery from the financial crisis; and (ii) the increase in our fleet's total carrying capacity, which increased our general freight rates and improved our utilization rate, we recorded a gross profit of approximately US$11.3 million in 2010 compared to the gross loss of approximately US$1.1 million in 2009.

Other income

Our other income decreased by approximately 83.3% from approximately US$2.4 million in 2009 to approximately US$0.4 million in 2010. The decrease was mainly due to the decrease in one-off insurance claims received of approximately US$2.2 million in 2009 to approximately US$0.3 million in 2010.

Other gains and losses

Our other gain and losses decreased by approximately 47.4% from approximately US$1.9 million in 2009 to approximately US$1 million in 2010. The decrease was mainly due to the one-off gain on disposal in 2009 of our equity interest in Sunrise of approximately US$1.3 million which did not have recurrence in 2010.

Administrative expenses

Our administrative expenses increased by approximately 34.6% from approximately US$2.6 million in 2009 to approximately US$3.5 million in 2010. The increase was mainly due to full payment of Directors' fees, the increase in our Director's remuneration as well as employees' bonus from approximately US$0.4 million and US$0.7 million in 2009 to approximately US$0.5 million and US$0.9 million in 2010 respectively. Our legal and professional fees was also increased from approximately US$0.2 million in 2009 to approximately US$0.4 million in 2010 (part of which was incurred in connection with the Listing exercise).

Finance costs

Our finance costs decreased by approximately 66.7% from approximately US$0.3 million in 2009 to approximately US$0.1 million in 2010. The decrease was mainly due to the decrease in the interest expenses of bank loans in 2010 (as a result of the repayment of part of the bank loan) compared to 2009.

Profit before income tax

As a result, our profit before income tax increased from approximately US$0.1 million in 2009 to approximately US$9.1 million in 2010.

Income tax expense

Our income tax expense in 2010 increased by approximately 121.9% from approximately US$32,000 to approximately US$71,000. The increase was partly due to the increase in management fees received by Courage Amego Agency (incorporated in Taiwan) as a result of the expansion of our fleet which resulted in higher tax expenses in 2010, and partly due to the income tax arrived in 2010 in respect of the disposal of certain held-for-trading investment in the Hong Kong stock market which took place in 2009.

Net profit

As a result, our net profit increased from approximately US$75,000 in 2009 to approximately US$9 million in 2010.

Other comprehensive income

We recorded other comprehensive income of approximately US$152,000 in 2010 compared to the other comprehensive loss of approximately US$49,000 in 2009.

The following table is a summary of our financial results for the three months ended 31 March 2010 and 2011. The summary should be read in conjunction with the unaudited interim financial information set out in Appendix II to this document.

	Three months ended 31 March	
	2010	**2011**
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Revenue	12,853	5,815
Cost of services	(9,275)	(8,089)
Gross profit (loss)	3,578	(2,274)
Other income	27	71
Other gains and losses	40	285
Administrative expenses	(578)	(664)
Other expenses	–	(1,087)
Finance costs	(35)	(17)
Profit (loss) before income tax	3,032	(3,686)
Income tax expense	(7)	(7)
Profit (loss) for the period	3,025	(3,693)
Other comprehensive income		
Surplus on revaluation of leasehold land and building	–	517
Total comprehensive income (expense) for the period attributable to owners of the Company	3,025	(3,176)
Earnings (loss) per share		
Basic	0.29 US cent	(0.35) US cent

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED 31 MARCH 2011

Investors should read the following management discussion and analysis in conjunction with the consolidated financial statements of our Group for three months ended 31 March 2010 and 2011, which is set forth in the unaudited interim financial information set out in Appendix II to this document. Except for the financial information extracted from the consolidated financial statements of our Group, the remainder of our financial information presented herein has been extracted or derived from other financial records of our Group which the Directors have taken a reasonable amount of care to prepare. Investors should read the whole Appendix II and not rely merely on the financial synopsis contained in this section.

Review of historical operating results

Three months ended 31 March 2011 compared to the three months ended 31 March 2010

Revenue

Our revenue decreased by approximately 55.0% from approximately US$12.9 million in the three months ended 31 March 2010 to approximately US$5.8 million in the three months ended 31 March 2011.

Our vessel chartering services heavily rely on spot charter contracts. The decrease in revenue was mainly due to the political instability in the Middle East leading to concerns about global oil supply and substantial increase in bunker price, being one of the major variable costs, which discouraged us from taking orders negotiated with lower freight rates. The over-supply of vessels within the Asian region caused by cutting of cargo shipment to and from Japan as a result of the Japanese earthquake, tsunami and nuclear pollution breakout leads to the decrease in the demand for our services in March 2011. The above led to a decrease in the overall utilization rate of our vessels from approximately 94.5% to approximately 44.1%. In line with the approximate 55% decrease in the Baltic Dry Index from the average of approximately 3,027 points for the first quarter of 2010 to the average of approximately 1,365 points for the first quarter of 2011, our revenue decreased by approximately 55% in the first quarter of 2011 compared to the same period in 2010 because of decrease in freight rates. Our Directors are of the view that the above circumstantial factors, which were the main causes of the decline in our financial performance, affect not only us, but the majority of the dry bulk vessel charterers focusing on the Asian region.

The following table set outs a breakdown of our revenue for the three months ended 31 March 2010 and 2011.

	Three months ended 31 March	
	2010	**2011**
	US$'000	*US$'000*
Revenue		
Spot charter contracts	8,964	3,178
CoA	3,799	2,613
Ship management	90	24
	12,853	5,815

For the three months ended 31 March 2010, the revenue attributable to spot charter contracts and the CoA were approximately US$9 million and US$3.8 million respectively, which represented approximately 69.7% and 29.6% of our revenue of such period respectively. For the three months ended 31 March 2011, the revenue attributable to spot charter contracts and the CoA were approximately US$3.2 million and US$2.6 million respectively, which represented approximately 54.7% and 44.9% of our revenue of such year respectively. There was a significant change in the proportion between the revenue attributable to spot charter contracts and the CoA in the first quarter of 2011 as compared to the first quarter of 2010. Revenue attributable to spot charter contracts decreased from approximately US$9 million for the three months ended 31 March 2010 to approximately US$3.2 million for the three months ended 31 March 2011. This was because the market condition in relation to spot charter contracts was sensitive to the abnormal incidental factors as explained above. On the other hand, our revenue generated from the CoA remained steady in the first quarter of 2010 and 2011 as the performance of such long-term contract was not affected by the low freight rate in the market.

The following table sets forth the breakdown of shipment revenue attributable to each type of our dry bulk commodities transported for the three months ended 31 March 2010 and 2011:

Breakdown of revenue by percentage

	For the Three months ended 31 March	
	2010	**2011**
Coal	47.5%	39.0%
Sea sand	29.2%	44.9%
Bauxite	7.2%	15.4%
Iron Ore	16.1%	–
Others	–	0.7%
Total	100%	100%

The following table sets out our fleet utilization information for the three months ended 31 March 2010 and 2011.

	Utilization rate *(Note)* Three months ended 31 March	
Vessel name	**2010**	**2011**
Capesize	100.0%	22.2%
Panamax	87.5%	50.3%
Handymax	100.0%	53.3%
Handysize	100.0%	33.3%
Overall	**94.5%**	**44.1%**

Note: The utilization rate for each vessel is calculated based on the aggregated number of days during which the underlying vessel(s) was/were owned and operated by us, less such estimated aggregated number of off-hire days due to dry-docking or other repair and maintenance and the off-hire period in between two charter periods, divided by the total number of days of the underlying vessel(s) owned and operated by us for the year (on the basis of 365 days per year).

The following tables set forth the details of calculating the utilization rate of each type of our vessels and the overall utilization rate of our fleet during the three months ended 31 March 2010 and 2011:–

	For the three months ended 31 March 2010				
Vessel Name	**Aggregated number of days for which the type of vessel(s) operated by us (A)**	**Aggregated number of days without charter hire due to repair and maintenance (B)**	**Aggregated number of days without charter hire for reasons other than repair and maintenance (C)**	**Aggregated number of days for calculating the average Daily TCE (A)-(B)-(C)**	**Utilization Rate ((A)-(B)-(C))/(A)**
Capesize	3	–	–	3	100.0%
Panamax	360	31	14	315	87.5%
Handymax	180	–	–	180	100.0%
Handysize	270	–	–	270	100.0%
Overall	**813**	**31**	**14**	**768**	94.5%

	For the three months ended 31 March 2011				
Vessel Name	**Aggregated number of days for which the type of vessel(s) operated by us (A)**	**Aggregated number of days without charter hire due to repair and maintenance (B)**	**Aggregated number of days without charter hire for reasons other than repair and maintenance (C)**	**Aggregated number of days for calculating the average Daily TCE (A)-(B)-(C)**	**Utilization Rate ((A)-(B)-(C))/(A)**
Capesize	90	–	70	20	22.2%
Panamax	360	–	179	181	50.3%
Handymax	180	27	57	96	53.3%
Handysize	180	–	120	60	33.3%
Overall	810	27	426	357	44.1%

For each of the three months ended 31 March 2010 and 2011, the overall utilization rates of our vessels were approximately 94.5% and 44.1% respectively. Such low utilization rates were mainly due to the decrease in the number of spot charter contracts we secured in the first quarter of 2011 for reason explained above.

During the period where the utilization rate of our vessels is low, we would arrange and schedule certain maintenance work to be performed during such period to reduce the idle time of our vessels and reduce the time to be spent on maintenance in the future. The Directors consider that the reschedule of such maintenance work would not affect our financial position as we such maintenance work is mandatory and has to be done within a certain period of time, even if we do not perform such work during the period where the utilization rate of our vessels is low.

CoAs

During the Track Record Period and up to the Latest Practicable Date, our CoAs could be categorised into two types:

(1) CoA regarding transportation of sea sand

Pursuant to the 2007 CoA, we agreed to transport a certain agreed volume of sea sand for the customer at a pre-determined fixed rate. Despite that the 2007 CoA will be expired in May 2012, the obligations between the parties have been completely fulfilled. We further entered into the 2011 First CoA in May 2011. Pursuant to the 2011 First CoA, we have agreed to transport a certain agreed volume of sea sand for the customer at a pre-determined fixed rate during the period between August 2011 and July 2013. The credit period given to the customer is 30 days. If the agreed volume of sea sand could not be delivered by us within the contract period, the Directors confirm that the contract period will be reasonably extended according to the common practice of the industry and the customer is obliged to pay the outstanding amount in respect of such volume of sea sand to us. During the Track Record Period, approximately 18.0%, 52.2% and 23.9% of our revenue was generated from the 2007 CoA. Since the Singapore construction company is sizable, has a good track record, is a qualified supplier of the government and has been successful in tendering for governmental construction projects, the Directors consider that the financial situation of the Singapore construction company is stable.

In May 2011, we entered into the 2011 Second CoA. Under the 2011 Second CoA, we agreed to transport certain agreed volume of sea sand for the charterer at a pre-determined fixed rate during the period between July 2011 to July 2013. The credit period given to this Singapore construction company is 30 days.

(2) CoA regarding transportation of steam coal

We also entered into the China Coal CoA with China Coal, a top five customer of us during the Track Record Period, in May 2011. Pursuant to the China Coal CoA, we agreed to transport a certain agreed volume of steam coal for China Coal at a pre-determined fixed rate during August 2011 to July 2012. The credit period given to China Coal is 30 days.

Cost of services

Our cost of services represented the operating expenses of our vessels, which mainly include depreciation expenses, port expenses, bunker expenses, agency fees for vessel crews, insurance and repair and maintenance.

The following table sets out the breakdown of our cost of services during the three months ended 31 March 2010 and 2011.

	Three months ended 31 March			
	2010		2011	
	US$'000	*%*	*US$'000*	*%*
Depreciation expenses	2,338	25.2	2,075	25.7
Agency fees for vessel crews	891	9.6	1,084	13.4
Repairs and maintenance expenses	410	4.4	223	2.8
Insurance	461	5.0	482	6.0
Port expenses	719	7.7	521	6.4
Bunker expenses	4,043	43.6	3,110	38.4
Others	413	4.5	594	7.3
Total	**9,275**	**100.0**	**8,089**	**100.0**

Our cost of services decreased by approximately 12.9% from approximately US$9.3 million for the three months ended 31 March 2010 to approximately US$8.1 million for the three months ended 31 March 2011. The decrease was mainly due to the decrease in bunker expenses, port expenses and repair and maintenance.

Notwithstanding that the daily Singapore bunker price (380 cst) per tonne increased from US$508/tonne at the beginning of January 2011 to US$654/tonne at the end of March 2011, our bunker expenses decreased from approximately US$4 million for the three months ended 31 March 2010 to approximately US$3.1 million for the three months ended 31 March 2011 respectively due to the decrease in the utilization rate of our fleet.

The port expenses decreased from approximately US$0.7 million for the three months ended 31 March 2010 to US$0.5 million for the three months ended 31 March 2011.

Notwithstanding the decrease in our cost of services for the three months ended 31 March 2011 compared to the three months ended March 2010, the agency fees for our vessel crew increased from approximately US$0.9 million for the three months ended 31 March 2010 to approximately US$1.1 million for the three months ended 31 March 2011 due to increase in the wages of some of our crew members. Despite the decrease in our vessel's utilization rate during such period, our agency fees for our vessel crew did not decrease substantially because (i) each of our vessels is required to maintain a minimum number of crew members at all times in accordance with the ISM Code, and (ii) the agency fees for vessel crew paid to Tianjin Cross-Ocean is calculated with reference to the number of vessel crew members paid instead of the number of voyages that the vessel crew members worked on.

Gross profit and gross profit margin

The following table sets out our gross profit during the three months ended 31 March 2010 and March 2011.

	Three month ended 31 March	
	2010	**2011**
	US$'000	*US$'000*
Gross profit (loss)	3,578	(2,274)
Gross profit (loss) margin	27.8%	(39.1)%

For the three months ended 31 March 2010 and 2011 our gross profit (loss) margins were approximately 27.8% and (39.1%) respectively.

Other income

Our other income mainly includes rental income, interest income from banks and certificate of deposit, insurance claims and sundry income. For each of the three months ended 31 March 2010 and 2011, our other income was approximately US$27,000 and US$71,000 respectively.

Other gains and losses

Our other gains and losses mainly include change in fair value of investment property, change in fair value of held-for-trading investments and exchange gain. For each of the three months ended 31 March 2010 and 2011, our other gains and losses was approximately US$40,000 and US$0.3 million respectively.

Administrative expenses

Our administrative expenses mainly comprise salary and bonus, directors' remuneration, office rent, legal and professional fees and travelling. For each of the three months ended 31 March 2010 and 2011, our administrative expenses were approximately US$0.6 million and US$0.7 million respectively.

Other expenses

Our other expenses for the three months ended 31 March 2011 was approximately US$1.1 million, where we did not have such other expenses for the three months ended 31 March 2010. Such amount was mainly attributable to the professional fees and other expenses relating to our Hong Kong listing exercise.

Finance costs

Our financial costs decreased from approximately US$35,000 for the three months ended 31 March 2010 to approximately US$17,000 for the three months ended 31 March 2011. The decrease was mainly due to the decrease in the interest expenses of bank loans in first quarter of 2011 (as a result of the repayment of part of the bank loan) compared to the first quarter of 2010.

Income tax expenses

Our income tax expenses for the three months ended 31 March 2010 and 2011 were both approximately US$7,000.

Net loss

As explained above, we recorded an approximately 55% decrease in revenue due to the 55% decrease in the Baltic Dry Index which adversely affected our freight rates during the first quarter of 2011. However, our cost of services for the first quarter of 2011 had a relatively less decrease mainly due to certain fixed cost items including crew agency fees and maintenance fees coupled with the increase in per tonne market bunker price, despite the decrease in our vessels' utilization rate during such period. In addition, we incurred approximately US$1.1 million other expenses (attributable to the professional fees and other expenses relating to our Hong Kong listing exercises), which is non-recurring in nature, during the period. As a result, we recorded a net loss of approximately US$3.7 million for the three months ended 31 March 2011 as compared to our net profit of approximately US$3 million for the three months ended 31 March 2010 representing a decrease of approximately 223%.

There is no assurance that such net loss will not recur or we will be able to generate and sustain revenue growth and profitability in the future.

Other comprehensive income

We recorded other comprehensive income of approximately US$517,000 for the three months ended 31 March 2011 due to the surplus on revaluation of our leasehold land and building.

Gearing ratios

Our gearing ratios (being calculated as our total liabilities divided by our total equity) for the three months ended 31 March 2010 and 2011 were approximately 7.4% and 4.4% respectively. The decreasing trend of our gearing ratios was mainly due to our repayment of the bank loan in relation to the acquisition of MV Zorina during such period.

Overview of major items of statement of financial position of our Group

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	At 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Non-current assets			
Property, plant and equipment	63,149	54,876	70,070
Investment property	–	–	1,671
Interest in an associate	2,787	–	–
Deposit paid for drydocking of vessels	–	–	2,000
Long-term receivables	–	2,855	3,767
Structured deposit	–	–	1,000
Certificate of deposit	–	–	1,074
	65,936	57,731	79,582
Current assets			
Trade receivables	2,678	2,228	1,257
Other receivables, deposits and prepayments	5,401	11,690	3,382
Held-for-trading investments	526	–	742
Tax recoverable	–	–	58
Pledged bank deposits	7,280	5,000	5,674
Bank balances and cash	45,556	43,159	29,929
	61,441	62,077	41,042
Assets classified as held for sale	6,717	–	–
	68,158	62,077	41,042
Current liabilities			
Other payables and accruals	5,886	2,769	2,607
Bank borrowing – due within one year	3,200	3,200	3,600
	9,086	5,969	6,207
Net current assets	59,072	56,108	34,835
Total assets less current liabilities	125,008	113,839	114,417
Non-current liability			
Bank borrowing – due after one year	6,800	3,600	–
	118,208	110,239	114,417
Capital and reserves			
Share capital	19,059	19,059	19,059
Reserves	99,149	91,180	95,358
	118,208	110,239	114,417

Property, Plant and equipment

As at 31 December 2008, 2009 and 2010, our plant and equipment was approximately US$63.1 million, US$54.9 million and US$70.1 million respectively, which accounted for approximately 47.1%, 45.8% and 58.1% of our total assets respectively in the relevant financial year. Vessels are the main item of our plant and equipment. The fluctuation of the balance was mainly due to our acquisitions of two vessels and disposal of one vessel in 2008, disposal of one vessel in 2009, acquisition of three vessels and disposal of two vessels in 2010 as well as the incurrence of yearly depreciation expenses.

Trade and other receivables

	As at 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Trade receivables	2,678	2,228	1,275
Other receivables, deposits and prepayments	5,401	11,690	3,382
	8,079	13,918	4,657

Generally, we have a policy of requesting the customers of voyage charter to prepay the freight income in full before completing the voyage (i.e. unloading relevant cargoes at designated ports), while the credit period granted by us to certain customers of voyage charter is within two weeks after the receipt of invoices. Further, we normally invoice our customers of time charter in advance, that is after the receipt of sales confirmation from our customer and usually before we load the cargoes, or right after completely loading the cargoes subject to the terms of the freight agreements.

Aging analyses of trade receivables

	As at 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
0-30 days	855	2,093	1,257
31-60 days	1,699	1	–
More than 60 days	124	134	–
	2,678	2,228	1,257

The US$1.7 million trade receivables which was outstanding for 31 to 60 days as at 31 December 2008 mainly comprised the late service payment from one of our customers due to its short-term financial difficulties, and the outstanding amount was fully paid by the customer in 2009.

Our trade receivable turnover days (being calculated as the average of beginning and closing trade receivable of the year divided by the total revenue and multiplied by 365 days) for the three years ended 31 December 2010 were approximately 15.1 days, 32.1 days and 13.7 days respectively. Due to the increase in the trade receivables in December 2009 resulted from the charter contracts we secured during such period, our trade receivables turnover days in 2009 were higher than those in 2008 and 2010.

Subsequent to 31 December 2010 and as at the Latest Practicable Date, the Group's trade receivables as of 31 December 2010 were all settled.

Breakdown of other receivables, deposits and prepayments

	As at 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Deferred consideration for disposal of a vessel – MV Ally II	4,500	1,500	–
Deferred consideration for disposal of a vessel – MV Panamax Mars	–	4,250	2,000
Deferred consideration for disposal of interest in an associate	–	3,767	3,767
Other receivables	256	4,464	879
Prepayments	170	135	459
Deposits	475	429	44
	5,401	14,545	7,149
Less: Non-current portion	–	(2,855)	(3,767)
	5,401	11,690	3,382

In connection with the disposals of MV Ally II and MV Panamax Mars completed in November 2008 and January 2009 respectively, the purchase prices were payable on instalments. As a result, there was outstanding deferred considerations as at 31 December 2009, resulting in a greater amount of "Other receivables and prepayments".

We previously held 25% equity interest in Sunrise. In May 2009, the put option given by the original vendor to the Group was exercised in respect of such 25% interest in Sunrise (which was accepted by the original vendor in July 2010) at a cash consideration of about US$3.8 million, which was then agreed to be settled by 8 equal instalmens with a quarterly payment of US$471,000 commencing from 3 May 2010. In October 2010 and March 2011, AIC-SP Agreement and Supplemental AIC-SP Agreement were respectively entered into between the original vendor and our Group such that the outstanding balance of approximately US$3.8 million is to be settled pursuant to the terms of the AIC-SP Agreement and the Supplemental AIC-SP Agreement. Please refer to the section headed "Business – Investment in Sunrise and AIC" for further details.

Pledged bank deposits

As at 31 December 2008, 2009 and 2010, our pledged bank deposits amounted to approximately US$7.3 million, US$5 million and US$5.7 million respectively, which were placed in designated banks as part of the security provided for trade financing granted to our Group.

Other payables and accruals

Breakdown of other payables and accruals

	As at 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Payables for drydocking	3,665	–	–
Other payables	106	898	39
Accrued vessel related expenses	514	1,145	1,021
Accrued staff costs	1,196	367	476
Deposits received	–	–	266
Other accruals	405	359	805
	5,886	2,769	2,607

Our trade payable turnover days (being calculated as the average of beginning and closing accrued vessel related expenses of the year divided by the total cost of services (excluding depreciation expenses) and multiplied by 365 days) for the three years ended 31 December 2010 were approximately 12.4 days, 16.4 days and 15.1 days respectively.

Bank loans

As at 31 December 2008, 2009 and 2010, we recorded outstanding bank loans of approximately US$10 million, US$6.8 million and US$3.6 million respectively which accounted for approximately 62.9%, 71.1% and 58.0% of our total liabilities respectively in the relevant financial year.

	As at 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Bank loans			
Within one year	3,200	3,200	3,600
More than one year but not exceeding two years	3,200	3,600	–
More than two years but not exceeding five years	3,600	–	–
Total	10,000	6,800	3,600

In October 2008, a bank loan of US$10 million was granted to the Group under a loan agreement in connection with the acquisition of MV Zorina. The loan was interest bearing and repayable by 11 consecutive fixed US$800,000 quarterly instalments commencing from 31 January 2009 followed by a final payment of US$1.2 million in October 2011.

Our gearing ratios (being calculated as our total liabilities divided by our total equity) for the three years ended 31 December 2010 were approximately 13.4%, 8.7% and 5.4% respectively. The decreasing trend of our gearing ratios was mainly due to our repayment of the bank loan in relation to the acquisition of MV Zorina during the Track Record Period.

Investment and structured deposit

When we have short-term excess cash flow, we occasionally make conservative investments. As at 31 December 2010, our held-for-trading investments and structured deposit were approximately US$742,000 and US$1 million respectively.

During the Track Record Period, we made certain held-for-trading investments. We subscribed approximately one million shares in one of the largest PRC banks during its initial public offering in Hong Kong in 2007, and such shares were sold in 2009 with approximately 100% profit. We also subscribed one million TDR shares in a Chinese shipyard company listed in the SGX during its offering in Taiwan in 2010, and we are still holding such shares.

We have adopted a policy in relation to our investment in financial instruments. Our investment is restricted to shares of listed companies, and the investment amount is restricted to not more than 5% of our cash balance. Any proposed investment has to be approved by the Board and the Audit Committee. If the investment is approved and made, our management will review and monitor such investment on a weekly basis and will sell the shares when consider appropriate.

Liquidity, financial resources and indebtedness

Overview

During the Track Record Period, we financed our working capital and capital expenditure requirements principally through net cash flow from operating activities and bank borrowings.

Cash flows

The table below sets out a summary of the cash flows information of our Group during the Track Record Period:

	For the year ended 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Net cash from operating activities	44,573	7,008	21,035
Net cash (used in) from investing activities	(32,496)	2,047	(25,948)
Net cash used in financing activities	(28,869)	(11,452)	(8,317)
Net decrease in cash and cash equivalents	(16,792)	(2,397)	(13,230)
Cash and cash equivalents at beginning of the year	62,348	45,556	43,159
Cash and cash equivalents at end of the year	45,556	43,159	29,929

Operating Activities

We recorded a net cash inflow from operating activities of approximately US$44.6 million for the year ended 31 December 2008. This net inflow was mainly attributable to the approximately US$43.7 million of operating cash flows before movements in working capital.

We recorded a net cash inflow from operating activities of approximately US$7 million for the year ended 31 December 2009. This net inflow was mainly attributable to the approximately US$9.2 million of operating cash flows before movements in working capital.

We recorded a net cash inflow from operating activities of approximately US$21 for the year ended 31 December 2010. This net inflow was mainly attributable to the approximately US$17.4 million of operating cash flows before movements in working capital.

Investing activities

We recorded net cash used in investing activities of approximately US$32.5 million for the year ended 31 December 2008. The net cash outflow was mainly attributable to the approximately US$28.7 million of purchase of property, plant and equipment resulted from our acquisition of two vessels, namely MV Sea Pioneer and MV Zorina, and approximately US$1.5 million sales proceeds received from disposal of one vessel, namely MV Ally II, in such year. We also had a pledged bank deposits of approximately US$7.3 million in such year.

We recorded net cash used from investing activities of approximately US$2 million for the year ended 31 December 2009. The net cash inflow was mainly attributable to our withdrawal of pledged bank deposits amounting to approximately US$7.3 million, notwithstanding the approximately US$6 million we used in purchase of property, plant and equipment. We had a pledged bank deposits of approximately US$5 million in 2009. We also received proceeds in respect of disposal of property, plant and equipment of approximately US$5.8 million in such year.

We recorded net cash used in investing activities of approximately US$25.9 million for the year ended 31 December 2010. The net cash outflow was mainly attributable to the approximately US$34 million of purchase of property, plant and equipment resulted from our acquisition of three vessels, namely MVs Cape Warrior, Cape Ore and Panamax Leader, and US$14.3 million sales proceeds received from disposal of two vessels, namely MVs Cape Ore and Jeannie III, in such year.

Financing activities

We recorded a net cash used in financing activities of approximately US$28.9 million for the year ended 31 December 2008. The net cash outflow was mainly attributable to the dividends paid of approximately US$38 million in such year and was offset by the new bank borrowing raised of approximately US$10 million.

We recorded a net cash outflow used in financing activities of approximately US$11.5 million for the year ended 31 December 2009. The net cash outflow was mainly attributable to the dividends paid of approximately US$8 million and the repayment of bank borrowing of US$3.2 million in such year.

We recorded a net cash outflow used in financing activities of approximately US$8.3 million for the year ended 31 December 2010. The net cash outflow was mainly attributable to the dividends paid of approximately US$5 million and the repayment of bank borrowing of approximately US$3.2 million in such year.

Our Group's cash and cash equivalent as at 31 December 2008, 2009 and 2010 is no less than US$29.9 million. Our Directors consider that the healthy cashflow is attributable to our prudent financial management policy.

Indebtedness

As at 30 April 2011, being the latest practicable date for the purpose of ascertaining information contained in the indebtedness statement prior to the printing of this document, we had total bank borrowing due within one year of approximately US$2 million.

Save for the aforesaid or otherwise disclosed herein and apart from intra-group liabilities, we did not have, at the close of business on 30 April 2011, any debt securities authorised or otherwise created but unissued, or term loans or bank overdrafts, debentures, mortgages, charges, obligations under hire purchase contracts or finance leases, guarantees, or other material contingent liabilities.

Subsequent changes

We had US$1.4 million trade receivables which were outstanding for 61 to 90 days as at 31 March 2011, which mainly comprised the several late service payments due from the Singapore construction company which entered into the 2007 CoA with us during the Track Record Period. The Directors confirm that the late service payment was mainly due to the one-time specific payment arrangement agreed between the customer and us, where such service payments was agreed to be paid by the customer to us in a lump sum as the customer preferred to pay us after receiving the lump sum service payment from a government project. Such payment has been paid by the customer as of the Latest Practicable Date. The trade receivable turnover days as at 31 March 2011 was approximately 41.49 days. As at the Latest Practicable Date, our trade receivables as at 31 March 2011 were all settled. Accordingly, our Directors and the Sole Sponsor are of the view that no provision has to be made in relation to the doubtful debts as at 31 March 2011.

Save as discussed herein, the Directors confirm that there are no material adverse changes in our indebtedness position and contingent liabilities since 30 April 2011.

Capital structure

Net tangible assets

Based on our unaudited combined management accounts as at 30 April 2011, being the latest practicable date for the purpose of ascertaining information contained in the indebtedness statement prior to the printing of this document, we had net tangible assets of approximately US$109.7 million, comprising non-current assets of approximately US$78.1 million (mainly comprising property, plant and equipment of approximately 68.3 million) and net current assets of approximately US$31.6 million.

Net current assets

Based on our unaudited combined management accounts as at 30 April 2011, being the latest practicable date for the purpose of ascertaining information contained in the indebtedness statement prior to the printing of this document, we had net current assets of approximately US$31.6 million comprising current assets of approximately US$35.9 million and current liabilities of approximately US$4.3 million.

Our current assets as at 30 April 2011 of approximately US$35.9 million mainly comprise pledge bank deposits and bank balances and cash of approximately US$7.7 million and 23.7 million respectively.

Our current liabilities as at 30 April 2011 of approximately US$4.3 million mainly comprise bank borrowing of approximately US$2 million.

Financial resources

As at 30 April 2011, being the latest practicable date for the purpose of ascertaining information contained in the indebtedness statement prior to the printing of this document, the Group does not have material capital commitment nor major expenditures that would have material impact on the liquidity of the Group.

Working capital

The Directors are of the opinion that after taking into account (i) our existing cash flow; (ii) the cash flow to be generated from the operating activities partly contributed by the 2011 First CoA, the 2011 Second CoA and the China Coal CoA we secured in May 2011; and (iii) the standby banking facilities to be guaranteed by a pledge, the working capital available to our Group is sufficient for our requirements for at least 12 months from the date of this document.

Quantitative and qualitative information about market risks

Interest rate risk

Our cash flow interest rate risk primarily relates to bank deposits and balances carried variable rate and variable-rate bank loans. We have not used any interest rate swaps to mitigate its exposure associated with fluctuations relating to interest rate risk. However, the management monitors interest rate exposure and will consider necessary actions when significant interest rate exposure is anticipated. Our exposures to interest rates on financial liabilities are detailed in the liquidity risk. Our cash flow interest rate risk is mainly concentrated on the fluctuations of London Interbank Offered Rate ("LIBOR") or the cost of funds arising from our variable rate bank loans.

Credit risk

As at 31 December 2008, 2009 and 2010, our maximum exposure to credit risk, which will cause a financial loss to us due to failure to perform an obligation by the counterparties, is arising from the carrying amounts of the respective recognized financial assets as stated in the consolidated statements of financial position.

Our credit risk is primarily attributable to its trade receivables. The management reviews the recoverable amount of each individual trade receivable regularly to ensure that follow up actions is taken to recover overdue debts and adequate impairment losses, if any, are recognized for irrecoverable amounts. In this regard, the management considers that our credit risk is significantly reduced.

Restricted bank deposits and pledged bank deposits which are placed in a financial institution with high credit ratings, we have no other significant concentration of credit risk.

The management considers that the credit risk on liquid funds is low as counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

Our liquidity position is monitored closely by the management. In the management of the liquidity risk, we maintain sufficient cash inflows from its operations so as to finance its working capital. We also monitor the current and expected liquidity requirements regularly to mitigate the effects of fluctuations in cash flows. In this regard, our Directors have a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing the financial statements.

Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as inputs. Our Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate their fair values at the end of the respective reporting period.

PROPERTY INTEREST AND PROPERTY VALUATION

As at the Latest Practicable Date, we own Suite 1801, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong as its principal office in Hong Kong.

Further details of this property interest of the Group are set out in the valuation report issued by RHL Appraisal Limited, independent professional surveyor, the full text of which is contained in Appendix III to this document.

A reconciliation of the net book value of our property interests from audited consolidated financial information as at 31 December 2010 to their fair value as stated in Appendix III of this document is as follows:

	US$000
Net book value of the following properties as at 31 December 2010	
– Leasehold land and building	2,563
– Investment property	1,671
Depreciation of leasehold land and building for the 3 months ended 31 March 2011	(21)
Surplus on revaluation of leasehold land and building for the 3 months ended 31 March 2011	517
Change in fair value of investment property for the 3 months ended 31 March 2011	321
Net book value as at 31 March 2011	5,051
Valuation amount as at 31 March 2011	
– Leasehold land and building	3,059
– Investment property	1,992
	5,051

DISTRIBUTABLE RESERVES

The Company was incorporated in the Bermuda on 5 April 2005. The Company's reserves available for distribution to shareholders as at 31 December 2010 comprised the retained profits of approximately US$28.2 million.

DIVIDEND POLICY

Subject to the Bermuda Companies Act, the Company may declare dividends at general meetings in any currency but no dividend shall be declared in excess of the amount recommended by the Board. Subject to the Bermuda Companies Act, our Directors may also from time to time declare a dividend or other distribution.

The payment and the amount of dividends by the Company in the future will depend on, among other factors, our results, cash flows and financial condition and position, operating and capital requirements, the amount of distributable profits based on IFRS, compliance with the memorandum of association and the Bye-laws of our Company, the Bermuda Companies Act, applicable laws and

regulations, other legal and contractual limitations relating to distribution and payment of dividends that we may from time to time be subject to and other factors that the Directors consider to be relevant to our Group. The declaration, payment and the amount of dividends will be subject to the Board's discretion.

DISCLOSURE UNDER RULE 13.09(2) OF THE LISTING RULES

We are required to publish quarterly reports containing the unaudited financial statements on the SGX-ST in accordance with the Listing Manual. Our Directors confirm that, in order to comply with Rule 13.09(2) of the Listing Rules, we will publish the full text of our quarterly reports in Hong Kong at the same time when such reports are published in Singapore.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

At the Latest Practicable Date, the Directors confirmed that there are no circumstances which would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

Material adverse changes

Our Directors confirm that there has been or may be a material adverse change in our financial or trading position since 31 December 2010 (being the date to which our latest combined financial statements were prepared which was set out in the accountants' report in Appendix I to this document) as our revenue decreased by approximately 55.0% from approximately US$12.9 million in the three months ended 31 March 2010 to approximately US$5.8 million in the three months ended 31 March 2011. The decrease in revenue during such period was mainly due to the political instability in the Middle East leading to concerns about global oil supply and substantial increase in bunker price, being one of the major variable costs, which discouraged us from taking orders negotiated with lower freight rates. The over-supply of vessels within the Asian region caused by cutting of cargo shipment to and from Japan as a result of the Japanese earthquake, tsunami and nuclear pollution breakout leads to the decrease in the demand for our services in March 2011. The above led to a decrease in the overall utilization rate of our vessels from approximately 94.5% to approximately 44.1%. Together with the effect of the decrease in our freight rates, our revenue, together with our net profit, experienced a significant decrease in the three months ended 31 March 2011. Our Directors are of the view that the above circumstantial factors, which were the main causes of the decline in our financial performance, affect not only us, but the majority of the dry bulk vessel charterers focusing on the Asian region.

There is no assurance that such net loss will not recur or we will be able to generate and sustain revenue growth and profitability in the future.

FUTURE PLANS AND PROSPECTS

We intend to further develop our business and capture new business opportunities within the dry bulk logistics industry. We aim to continue establishing our market presence in the industry by expanding ourselves into an end-to-end maritime logistics provider. Please refer to the section headed "Business – Business strategies" for a detailed description of our future plans which summarizes below:

- Expand the size of our fleet by acquiring younger vessels to strengthen our competitiveness in the industry and satisfy the increase demand for vessel chartering services

- Improve our equipment and facilities for operation to enhance the efficiency, service competitiveness and financial performance

- Capitalising on our relationship with existing customers and expanding further in the coal shipment

- Continue in establishing a quality customer base

REASONS FOR THE INTRODUCTION

Our Shares have been traded on the SGX-ST since 13 October 2005. Our Directors consider that it is desirable and beneficial for us to have dual primary listing status in both Singapore and Hong Kong so that we can have ready access to these different equity markets in Asia Pacific region when the opportunity arises. The two markets also attract different investor profiles thereby widening the investor base of the Company and increasing the liquidity of the Shares. In particular, it enables the Company to benefit from its exposure to a wider range of private and institutional investors. Our Directors believe that a listing in Hong Kong is in line with our focus on our business in Greater China, which is important for our growth and long-term development.

1. LISTINGS

The Company currently has a primary listing of Shares on the SGX-ST, which it intends to maintain alongside its proposed dual primary listing of Shares on the Stock Exchange. Application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares.

2. REGISTRATION

The principal register of members is maintained in Bermuda by Codan Services Limited. Our Company has established a branch register of members in Hong Kong which is maintained by Tricor Investor Services Limited (the "**Hong Kong branch registrar**") whose address is 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

The transfer agent for members of our Company in Singapore is Boardroom Corporate & Advisory Services Pte. Ltd. (the "**Singapore transfer agent**") whose address is 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. Certificates in respect of the Shares registered on the Hong Kong branch register of members will, as far as practicable, and unless otherwise requested, be issued in board lots of 4,000 Shares. The Bermuda principal registrar will keep in Bermuda duplicates of the Hong Kong branch register, which will be updated from time to time.

3. CERTIFICATES

Only certificates for Shares issued by the Hong Kong branch registrar will be valid for delivery in respect of dealings effected on the Stock Exchange. Certificates for Shares issued by the Singapore share transfer agent will be valid for delivery in respect of dealing effected on the SGX-ST.

4. DEALINGS

Dealings in Shares on the Stock Exchange and SGX-ST will be conducted in Hong Kong dollars and Singapore dollars respectively. The Shares are traded on SGX-ST in board lots of 1,000 Shares each.

The transaction costs of dealings in the Shares on the Stock Exchange include a Stock Exchange trading fee of 0.005%, a SFC transaction levy of 0.003%, a transfer deed stamp duty of HK$5 per transfer deed and *ad valorem* stamp duty on both the buyer and the seller charged at the rate of 0.1% each of the consideration or, if higher, the fair value of the Shares transferred. The brokerage commission in respect of trades of Shares on the Stock Exchange is freely negotiable.

The brokerage commission in respect of trades of Shares on the SGX-ST is freely negotiable. A clearing fee in Singapore is payable at the rate of 0.04% of the transaction value, subject to a maximum of S$600 per transaction. The clearing fee is subject to goods and services tax in Singapore (currently at 7%).

5. SETTLEMENT

Settlement of dealings in Singapore

Shares listed and traded on the SGX-ST are trading under the book-entry settlement system of the CDP and all dealings in and transactions of Shares through the SGX-ST are effected in accordance with the terms and conditions for the operation of securities accounts with the CDP, as amended from time to time.

The CDP, a wholly-owned subsidiary of the Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. The CDP holds securities for its account holders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with the CDP.

Shares will be registered in the name of the CDP or its nominees and held by the CDP for and on behalf of persons who maintain, either directly or through depository agents, securities accounts with the CDP. The Bermuda Companies Act and the Bye-laws of the Company only recognise the registered owners or holders of the Shares as members. CDP depositors and depository agents on whose behalf CDP holds Shares, may not be accorded the full rights of membership, such as voting rights, the right to appoint proxies, or the right to receive Members' circulars, proxy forms, annual reports, prospectuses and take over documents. CDP depositors and depository agents will be accorded only such rights as CDP may make available to them pursuant to the CDP's terms and conditions to act as depository for foreign securities.

Persons holding Shares in a securities account with the the CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will not, however, be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be *prima facie* evidence of title and may be transferred in accordance with the Bye-Laws of the Company. A fee of S$10 for each withdrawal of 1,000 Shares or less and a fee of S$25 for each withdrawal of more than 1,000 Shares will be payable upon withdrawing of the Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S$2 (or such other amounts as the Directors may decide) will be payable to the share registrar for each share certificate issued, and stamp duty of S$0.2 per S$100 or part thereof of the last-transacted price is payable where Shares are withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on the SGX-ST must deposit with the CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of the CDP, and have their respective securities accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S$10 is payable upon the deposit of each instrument of transfer with the CDP.

Transactions in Shares under the book-entry settlement system will be reflected by the seller's securities account being debited with the number of Shares sold and the buyer's securities account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for the transfer of the Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in Shares on the SGX-ST is payable at the rate of 0.04% of the transaction value, subject to a maximum of S$600 per transaction. The clearing fee, instrument of transfer deposit fees and share withdrawal fee are subject to Singapore goods and services tax of 7%.

Dealings in the Shares will be carried out in Singapore Dollars and will be effected for settlement in the CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third market day following the transaction date, and payment for the securities is generally settled on the following day. The CDP holds securities on behalf of investors in securities accounts. An investor may open a direct securities account with the CDP or a securities sub-account with a depository agent. A depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

Settlement of dealings in Hong Kong

Investors in Hong Kong must settle their trades executed on the Stock Exchange through their brokers directly or through custodians. For an investor in Hong Kong who has deposited his Shares in his stock account or in his designated CCASS participant's stock account maintained with CCASS, settlement will be effected in CCASS in accordance with the CCASS Rules in effect from time to time. For an investor who holds the physical certificates, settlement certificates and the duly executed instruments of transfer must be delivered to his broker or custodian by the settlement date.

An investor may arrange with his broker on a settlement date in respect of his trades executed on the Stock Exchange. Under the Listing Rules and the CCASS Rules, the date of settlement must not be later than the second settlement day (a day on which the settlement services of CCASS are open for use by CCASS Participants) following the trade date (T+2). For trades settled under CCASS, the CCASS Rules provide that the defaulting broker may be compelled to compulsorily buy-in by HKSCC the day after the date of settlement (T+3), or if it is not practicable to do so on T+3, at any time thereafter. HKSCC may also impose fines from T+2 onwards.

The CCASS stock settlement fee payable by each counterparty to a Stock Exchange trade is currently 0.002% of the gross transaction value subject to a minimum fee of HK$2 and a maximum fee of HK$100 per trade.

Dividends

Dividends will be declared in United States dollars, and dividends for Shares held on the branch register of members in Hong Kong will be converted into Hong Kong dollars before being paid to Shareholders. Dividends for Shares held on the principal register of members in Bermuda have been, and will continue to be converted into Singapore dollars before being paid to Shareholders.

Foreign Exchange Risk

Investors in Singapore who trade in the Shares on the SGX-ST should note that their trades will be effected in Singapore dollars. Investors in Hong Kong who trade in the Shares on the Stock Exchange should note that their trades will be effected in Hong Kong dollars. Accordingly, investors should be aware of the foreign exchange risks associated with such trading.

Transfer of Shares

All duties, fees and expenses specified herein are subject to changes from time to time.

Removal of Shares

Currently, all the Shares are registered on the principal register of members in Bermuda. For purposes of trading on the Stock Exchange, the Shares must be registered on the branch register of members in Hong Kong. Shares may be transferred between the principal register of members in Bermuda and the branch register of members in Hong Kong. An investor who wishes to trade on the SGX-ST must have his Shares registered on the principal register of members in Bermuda and an investor who wishes to trade on the Stock Exchange must have his Shares registered on the branch register of members in Hong Kong by removing them from the principal register of members in Bermuda to the branch register of members in Hong Kong. A resolution has been passed by the Directors authorising the removal of Shares between the principal register of members in Bermuda and the branch register of members in Hong Kong as may from time to time be requested by the members of the Company.

From SGX-ST to the Stock Exchange

If an investor whose Shares are traded on the SGX-ST wishes to trade his Shares on the Stock Exchange, he must effect a removal of Shares from the principal register of members in Bermuda to the branch register of members in Hong Kong.

A removal of the Shares from the principal register of members in Bermuda to the Hong Kong branch register of members involves the following procedures:

(1) If the investor's Shares have been deposited with CDP, the investor must first withdraw his Shares from CDP by submitting (i) a Withdrawal of Securities Form (CDP Form 3.1) available from CDP; (ii) an instrument of transfer; (iii) certificate of stamp duty; and (iv) a bank draft for the amount as prescribed by CDP from time to time. All costs attributable to the withdrawal request shall be borne by the Shareholder.

(2) The investor shall complete a Combined Share Removal and Transfer Form and Delivery Instruction Form (the "**Removal Request Form**") available from the Hong Kong branch registrar or the Singapore transfer agent and submit the Removal Request Form (in triplicate) to the Singapore transfer agent.

(3) CDP will then send the duly completed instrument of transfer, certificate of stamp duty together with the relevant Share certificate(s) registered under the name of CDP to the Singapore transfer agent directly.

(4) Upon receipt of the duly completed instrument of transfer, certificate of stamp duty and Share certificate(s) from CDP and the Removal Request Form (in triplicate) together with bank drafts for the amount as prescribed from time to time, the Singapore transfer agent shall inform the Bermuda principal registrar to remove the Shares from the principal register of members and inform the Hong Kong branch registrar to enter such Shares in the Hong Kong branch register of members.

(5) Upon receipt of the notification and documents referred to in (4) above and the relevant payments, the Bermuda principal registrar shall effect the transfer and removal of Shares on the Bermuda principal register of members and the Hong Kong branch registrar shall update the branch register of members in Hong Kong and issue Share certificate(s) in the name of the investor and send such Share certificate(s) to the address specified by the investor. Despatch of Share certificate(s) will be made at the risk and expense of the investor as specified in the Removal Request Form.

(6) If the investor's Shares upon being registered in Hong Kong are to be deposited with CCASS, the investor must deposit the Shares into CCASS for crediting to his CCASS Investor Participant stock account or his designated CCASS Participant's stock account. For deposit of Shares to CCASS or to effect sale of Shares in Hong Kong, the investor should execute an instrument of transfer which is in use in Hong Kong and which can be obtained from the offices of the Hong Kong branch registrar or the Singapore transfer agent and deliver it together with his Share certificate(s) issued by the Hong Kong branch registrar to HKSCC directly if he intends to deposit the Shares into CCASS for credit to his CCASS Investor Participant stock account or via a CCASS Participant if he wants the Shares to be credited to his designated CCASS Participant's stock account.

Note:

1. Under normal circumstance, steps (1) to (5) generally require 15 Business Days to complete.

2. The above procedures will apply to Shareholders whose share certificates are not deposited with CDP (i.e. scripholders) save that steps (1) and (4) will not apply.

From the Stock Exchange to SGX-ST

If an investor whose Shares are traded on the Stock Exchange wishes to trade his Shares on the SGX-ST, he must effect a removal of the Shares from the Hong Kong branch register of members to the Bermuda principal register of members. Such removal and deposit of the Shares would involve the following procedures:

(1) If the investor's Shares have been deposited with CCASS, the investor must first withdraw such Shares from his CCASS Investor Participant stock account with CCASS or from the stock account of his designated CCASS participant and submit the relevant instrument of transfer(s) executed by HKSCC Nominees Limited, the relevant Share certificate(s) and a duly completed Removal Request Form (in triplicate) together with a bank draft for the amount as prescribed from time to time to the Hong Kong branch registrar.

(2) If the investor's Shares are registered in the investor's own name, the investor shall complete the Removal Request Form (in triplicate) and submit the same together with the Share certificate(s) in his name and bank draft for the amount as prescribed from time to time to the Hong Kong branch registrar.

(3) Upon receipt of the Removal Request Form (in triplicate), the relevant Share certificate(s) and where appropriate, the completed instrument of transfer(s) executed by HKSCC Nominees Limited, the Hong Kong branch registrar shall take all actions necessary to effect the transfer and the removal of the Shares from the Hong Kong branch register of members to the Bermuda principal register of members.

(4) The Hong Kong branch registrar shall then notify the Bermuda principal registrar and the Singapore transfer agent of the removal whereupon the Bermuda principal registrar shall update the principal register of members in Bermuda. Upon completion, the Singapore transfer agent will issue the relevant Share certificate(s) in the name of the investor and deliver the share certificate(s) to the investor.

(5) If the investor would like the Singapore transfer agent to assist in depositing the share certificate(s) into CDP, he should submit a duly completed instrument of transfer and a bank draft for the amount as prescribed by CDP from time to time to the Singapore transfer agent at the same time he submits the relevant documents to the Hong Kong branch registrar (as contemplated in paragraph (1) or (2) above). The Hong Kong branch registrar shall then notify the Singapore transfer agent to issue the relevant Share certificate(s) in the name of CDP and arrange to deposit the same with CDP. The investor should ensure that he has a securities account in his own name with CDP and that the shares are credited to his securities account or sub-account with a CDP depository agent before dealing in the Shares.

Note:

Under normal circumstances, steps (2) to (4) generally require 15 Business Days to complete. Generally, expedited removal services at a turnaround time of up to 10 Business Days are available at an investors' request but will be subject to the discretion of the Hong Kong branch registrar and will not be available during peak operation seasons of the Hong Kong branch registrar.

For those Shares which are registered on the branch register of members in Hong Kong, any transfer thereof or dealings therein will be subject to Hong Kong stamp duty.

All costs attributable to the removal of Shares from the Hong Kong branch register of members to the Bermuda principal register of members and any removal from the Bermuda principal register of members to the Hong Kong branch register of members shall be borne by the Shareholder requesting the removal.

In particular, shareholders should note that the Hong Kong branch registrar will charge HK$300 for each removal of Shares and a fee of HK$2.5 (or such higher fee as may from time to time be permitted under the Listing Rules) for each Share certificate cancelled or issued by it, whichever number is greater, and any applicable fee as stated in the Removal Request Forms used in Hong Kong or Singapore. In addition, the Singapore transfer agent will charge S$30 for each removal of Shares. A deposit fee of S$10.7 (inclusive of GST) is payable to CDP for the deposit. The payment of $10.7 must be in Singapore dollars in the form of a draft/Singapore cheque and made payable to "The Central Depository (Pte.) Limited" and lodged with the Singapore transfer agent.

6. SPECIAL ARRANGEMENTS TO FACILITATE TRANSFERS PRIOR TO THE INTRODUCTION

Special arrangements have been made to facilitate transfers of Shares prior to the Introduction. In connection with the Introduction, the Singapore transfer agent and the Hong Kong branch registrar will provide three batch-transfers of Singapore-listed Shares for Shareholders seeking to transfer their Shares to the branch register of members in Hong Kong prior to the Introduction.

The key dates in relation to such batch-transfer exercises (the "**Batch-Transfers**") are set out below:

Events	First Batch-Transfer	Second Batch-Transfer	Third Batch-Transfer
Final date to submit a request for withdrawal of securities form to CDP and a Removal Request Form to the Singapore transfer agent	8 June 2011	15 June 2011	22 June 2011
Shares certificates available for collection from the Hong Kong branch registrar's office	22 June 2011	29 June 2011	6 July 2011

Shareholders who hold their Shares directly in CDP and who wish to participate in the Batch-Transfers will need to complete and submit the request for withdrawal of securities form to CDP and the Removal Request Form to the Singapore transfer agent before the relevant dates stipulated above.

The Company will bear the costs, fees and duties payable for the Batch-Transfers. CDP's existing charges will still apply, together with any other costs to be levied by Shareholders' own brokers, nominees or custodians (where relevant).

Shareholders should note that the Batch-Transfers are expedited transfers, where Share certificates are expected to be available for collection from the Hong Kong branch registrar's office 10 Business Days after the final date for submission of a Removal Request Form to the Singapore transfer agent. Ordinary non-expedited transfers of Shares from the principal register of members in Bermuda to the branch register of members in Hong Kong are expected to take 15 Business Days to complete.

The Sole Sponsor has made arrangements to inform our Shareholders and the Singapore investing public of details of the Introduction and the Batch-Transfers procedures.

7. BRIDGING ARRANGEMENTS

Intended Arbitrage Activities during the Bridging Period

Upon the Introduction and during the Bridging Period, the Bridging Dealer, on its own account, will seek to undertake arbitrage activities in circumstances as described below. Such arbitrage activities are expected to contribute to the liquidity of trading in our Shares on the Hong Kong market upon the Introduction as well as to reduce potential material divergence between Share prices on the Hong Kong and the Singapore markets:

(1) The Bridging Dealer will seek to carry out arbitrage trades in line with market practice in the context of dual listed stocks. The arbitrage trades are envisaged to be carried out where there exists a meaningful price differential between prices of Shares quoted on the Stock Exchange and those quoted on the SGX-ST. In relation to the Introduction, it is envisaged that a typical arbitrage trade would be executed if and when prices of Shares quoted on the Stock Exchange are meaningfully higher than those on the SGX-ST, in which case the Bridging Dealer will seek to purchase Shares at the lower price in Singapore and sell Shares at the higher price in Hong Kong.

The typical cost of executing an arbitrage trade is minimal and should constitute a small percentage of our Share price. In the Hong Kong context, the typical cost comprises stamp duty (0.1%), trading fee (0.005%) and transaction levy (0.003%) while in the Singapore context, there is a clearing fee (0.04% up to a maximum of S$600) and trading fee (0.0075%). Nonetheless, as the Bridging Dealer envisages, for arbitrage trades to occur, our Share price differential would need to exceed such transaction costs and the risk premium as perceived by the Bridging Dealer (including but not limited to factors such as price volatility and market liquidity on both markets).

The Bridging Dealer intends to carry out arbitrage trades where (a) there exists a meaningful Share price differential between the Hong Kong and Singapore markets (as determined by the Bridging Dealer), and (b) the Bridging Dealer is able to purchase sufficient quantities of Shares to address such price differentials when they arise and to contribute towards trading liquidity to a meaningful extent. The bridging arrangements and the role of the Bridging Dealer will terminate and cease at the expiry of the Bridging Period.

(2) For the Bridging Dealer to contribute meaningfully towards liquidity of trading in our Shares on the Hong Kong market, there should be no trading or exchange disruption in or early closure (other than due to different trading hours) of one or both stock exchanges. There should be concurrent availability of Shares on both stock exchanges. The Bridging Dealer has also entered into a Stock Borrowing and Lending Agreement to ensure it will have ready access to appropriate quantities of Shares for settlement purposes upon the Introduction and during the Bridging Period.

(3) There is a Stock Borrowing and Lending Agreement between China Lion (the "**Lender**") and Bridging Dealer with effect from 23 May 2011. Pursuant to the stock borrowing arrangements, the Lender will, at the request of Bridging Dealer, make available to Bridging Dealer stock lending facilities up to the number of Shares it holds at the time of such request to Bridging Dealer, on one or more occasions, subject to applicable laws, rules and regulations in Singapore and Hong Kong, including without limitation that the lending and the subsequent acceptance of redelivery of any Shares by China Lion, and the borrowing and the subsequent redelivery of any Shares by Bridging Dealer, will not lead to either party being obliged to make a mandatory general offer under the Takeovers Code and/or the Singapore Code. Such Shares will be used for settlement in connection with the arbitrage trades carried out by the Bridging Dealer in Hong Kong. These Shares will have been registered on the branch register of members in Hong Kong prior to the Introduction. The total number of Shares subject to such stock borrowing arrangement is significantly in excess of the aggregate of the daily trading volumes of our Shares on the SGX-ST for the 15 trading days immediately before and up to the Latest Practicable Date.

The Stock Borrowing and Lending Agreement provides, inter alia, that all our Shares borrowed shall be returned to the Lender not later than 13 Business Days after the expiry of the Bridging Period.

(4) Additionally, to facilitate the role of the Bridging Dealer commencing from the pre-opening period (9:00 a.m. to 9:30 a.m.) on the first day of the Introduction, the Bridging Dealer has made arrangements to build up a small inventory of Shares prior to the commencement of trading. There is a Sale and Repurchase Agreement between China Lion (the "**Vendor**") and the Bridging Dealer with effect from 23 May 2011 for the Sale. Conditional upon the Bridging Dealer acquiring our Shares under the Sale, the Bridging Dealer shall sell and the Vendor shall repurchase the equivalent number of Shares it sold under the Sale, at the same price as such Shares were sold, shortly after the expiry of the Bridging Period (the "**Repurchase**"). The Sale and Repurchase Agreement provides that the Repurchase shall take place not later than 13 Business Days after the expiry of the Bridging Period (being the 30-day period from and including the Listing Date).

(5) The purpose of the Sale and Repurchase Agreement is to facilitate the Bridging Dealer in contributing towards trading liquidity in our Shares on the Hong Kong market, by making available a quantity of Shares to facilitate arbitrage trades during the Bridging Period.

Under the arrangement described in paragraph 4 above, the Vendor will maintain a neutral position in respect of its shareholdings in our Company.

(6) The Bridging Dealer will continue to replenish its Share inventory while carrying out the arbitrage trades. When a buy order has been executed on the Singapore market and a sale order has been executed on the Hong Kong market, the Bridging Dealer will instruct the Singapore transfer agent to transfer Shares purchased on the Singapore market to Hong Kong to replenish its Share inventory for further trading. While such transfer of Shares takes place, the Bridging Dealer will utilize Shares borrowed under the Stock Borrowing and Lending Agreement for settlement of the sale made in Hong Kong.

(7) The Bridging Dealer has set up a designated dealer identity number 8170 solely for the purposes of carrying out arbitrage trades under the bridging arrangement in Hong Kong, in order to ensure identification and thereby enhance transparency of such trades on the Hong Kong market. Any change in such designated dealer identity number will be disclosed as soon as practicable by way of announcement on both the Stock Exchange and the SGX-ST, and will be posted by the Company on its website. The Bridging Dealer has also set up another designated dealer identity number 8181 which will only be used in emergency and unforeseen situation if the aforesaid identity number for arbitrage trades cannot be used.

(8) The Bridging Dealer will enter into such bridging arrangements (including the arbitrage activities) on a voluntary basis with a view to contributing towards liquidity of Shares in Hong Kong, and intends for such bridging arrangements to constitute proprietary transactions.

It is emphasized that other than the Bridging Dealer, arbitrage activities and bridging arrangements may be carried out by market participants who have access to our Shares. Also, other existing Shareholders who may have transferred part or all of their shareholdings from Singapore to Hong Kong upon the commencement of trading (or thereafter) can also carry out arbitrage trades in our Shares. Such activities will depend on the extent of price differentials between the two stock exchanges, and the number of market participants (other than the Bridging Dealer) who elect to enter into such arbitrage activities and bridging arrangements.

The arbitrage activities of the Bridging Dealer and any persons acting for it will be entered into in accordance with all applicable laws, rules and regulations. The bridging arrangements being implemented in connection with the Introduction are within the circumstances under paragraph 2.3 of the SFC's Guidance Note on

Short Selling Reporting and Stock Lending Record Keeping Requirements and accordingly, are not regarded as short selling in breach of section 170 of the SFO. The bridging arrangements being implemented in connection with the Introduction are not equivalent to the price stabilization activities which may be undertaken in connection with an initial public offering. In addition, the Bridging Dealer is not acting as a market maker and does not undertake to create or make a market in Shares on the Hong Kong market.

Spread of Shareholdings

It is expected that the following measures and factors will assist in creating and/or improving the spread of holdings of our Shares available for trading on the Stock Exchange following the Introduction:

– As our Shares are of one and the same class, Shareholders may at their discretion transfer Shares from Singapore to Hong Kong upon or after the Introduction, as described in the section headed "Removal of Shares". Special arrangements have been made to facilitate transfers of Shares, and to incentivize existing Shareholders to transfer their Shares to Hong Kong prior to the Introduction by enabling them to do so at a reduced cost. Details of such arrangements are set out in the section headed "Special arrangements to facilitate transfers prior to the Introduction" above. To the extent that existing Shareholders elect to transfer Shares to Hong Kong before or shortly after the Introduction, such Shares may help contribute to the general liquidity of our Shares on the Hong Kong market.

– Our Controlling Shareholders and some of our existing shareholders have confirmed to our Company that it intends to transfer, and/or procure the transfer of, 353,469,547 Shares (representing approximately 33.38% of our Shares in issue) to the branch register of members in Hong Kong prior to the Introduction. As indicated in the sub-section headed "Intended arbitrage activities during the Bridging Period" above, China Lion had made available to the Bridging Dealer Shares which will be used solely for settlement in connection with the arbitrage trades carried out by the Bridging Dealer in Hong Kong.

– In conducting arbitrage activities in circumstances as described in the sub-section headed "Intended arbitrage activities during the Bridging Period" above, the Bridging Dealer is effectively acting as a conduit to transfer some of the trading liquidity of our Shares in the Singapore market to the Hong Kong market.

Our Company and the Sole Sponsor consider that having regard to the special arrangements described in the sub-sections headed "Special arrangements to facilitate transfers prior to the Introduction", "Bridging arrangements" and "Investor education" herein, all reasonable efforts have been made to facilitate the migration of Shares to the branch register of members in Hong Kong to provide the basis for an open market at the time of the Introduction.

Benefits of the bridging arrangements

It is believed that the bridging arrangements will benefit the Introduction in the following ways:

- As arbitrage trades are intended to be carried out by the Bridging Dealer during the Bridging Period where there exists a meaningful price differential in the Share prices, the bridging arrangements are expected to contribute to the liquidity of the Shares on the Hong Kong market upon the Introduction.

- Arbitrage trades, by their nature, would typically contribute to reducing potential material divergence between Share prices on the Hong Kong and the Singapore markets.

- The bridging arrangements are perceived to be a mechanism which is fair to all market participants who have access to the Shares, as it is open to all the Shareholders and other market participants who have such access to carry out arbitrage trades similar to those to be carried out by the Bridging Dealer.

Disclosure of the bridging arrangements

In order to enhance transparency of the arbitrage activities carried out under the bridging arrangements, various measures to provide information to the market and potential investors will be undertaken as described in paragraph headed "Investor education" in this section.

Further, our Company will, as soon as practicable and in any event before the first day of the Introduction, release an announcement on the Stock Exchange and the SGX-ST to inform the investing public of the following information as at the latest practicable date prior to such announcement:

- the number of Shares in respect of which the Singapore transfer agent has received instructions from Shareholders for the transfer of such Shares to the branch register of members in Hong Kong (whether under the Batch-Transfer arrangements or otherwise); and

- the total number of Shares which have been registered on the branch register of members in Hong Kong.

In respect of the arbitrage trades to be carried out by the Bridging Dealer, the Bridging Dealer has set up a designated dealer identity number 8170 solely for the purposes of carrying out such trades in Hong Kong, in order to ensure identification and thereby enhance transparency of the trades on the Hong Kong market. The Bridging Dealer has also set up another designated dealer identity number 8181 which will only be used in emergency and unforeseen situation if the aforesaid identity number for arbitrage trades cannot be used.

In addition, where applicable, the arbitrage trades carried out by the Bridging Dealer, and the transactions under the Stock Borrowing Agreement and the Sale and Repurchase Agreement, will also be disclosed in accordance with the deemed application of the disclosure of interests regime under the relevant provisions of Part XV of the SFO.

8. INVESTOR EDUCATION

Arrangements involving our Company and the Sole Sponsor

Prior to the Introduction, the Company and the Sole Sponsor will cooperate to inform the investor community in Hong Kong of general information about our Company, as well as the developments and/or changes to the bridging arrangements as disclosed in this document. After the Introduction has taken place, the Company and the Sole Sponsor may continue to take measures to educate the public. The following measures will be taken to enhance transparency of our Company and the bridging arrangements:

- There will be media briefings and press interviews to inform investors of the arrangements;

- Briefings in relation to the bridging arrangements will be conducted for, amongst others, private bank divisions, a syndicate of brokerage houses and other institutional investors;

- Information factsheets on our Company generally, and on the Share transfer procedures as summarised in paragraph headed "Removal of Shares" in this section above will be posted on the website of the Company;

- Information, including our Company's previous day closing price, trading volume and other relevant historical data, will be posted on the website of the Company. Furthermore, during a period of 3 Business Days prior to the Listing Date and no later than 8:30 a.m. on the Listing Date before the commencement of dealings in the Shares on the Stock Exchange, a daily announcement will be released by the Company on the Stock Exchange and the SGX-ST, disclosing the Company's previous day closing price on the SGX-ST, as well as any relevant developments and updates with regard to the bridging arrangements if applicable; and

- Electronic copies of this document will be disseminated through the website of our Company and the websites of the Stock Exchange and the SGX-ST. In addition, physical copies of this document will be made available for collection at the following locations:

  - Office of our Company in Hong Kong:
    Suite 1801,
    West Tower, Shun Tak Centre,
    200 Connaught Road Central,
    Hong Kong; and

- Office of the Sole Sponsor:
  25th Floor, New World Tower I,
  16-18 Queen's Road Central,
  Hong Kong.

Other sources of information

Real-time trading information in respect of the Shares can be obtained from the following sources:

–	**Company name**	**Designated website**
	SGX-ST	www.sgx.com
	AAstocks.com Limited	www.aastocks.com
	ETNet Limited	www.etnet.com.hk
	Oriental Press Group Limited	www.on.cc

or

– through service providers that provide such facilities at investors' own expense. Such service will be provided on and subject to the terms and conditions of the relevant service provider.

Deloitte.
德勤

21 June 2011

The Directors
Courage Marine Group Limited
Haitong International Capital Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") relating to Courage Marine Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended 31 December 2010 (the "Track Record Period") for inclusion in the document of the Company dated 21 June 2011 (the "Document") issued in connection with the proposed listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated in Bermuda on 5 April 2005 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The Company was listed on the Singapore Exchange Securities Trading Limited (the "SGX") on 13 October 2005.

Particulars of the Company's subsidiaries at the date of this report are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Company as of 31 December 2008	31 December 2009	31 December 2010	Date of this report	Principal activity
Airline Investment Corp.	Republic of Panama 9 November 2006	100 ordinary shares of US$100 each	100%	100%	100%	100%	Currently inactive (June 2009 and before: investment holding)
Ally Marine Co., Ltd. ("Ally")[1]	The British Virgin Islands (the "BVI") 31 January 2001	50,000 ordinary shares of US$1 each	100%	100%	100%	–	Inactive after November 2008 and disposed of in February 2011
Bravery Marine Holdings Inc.	Republic of Panama 24 October 2005	2 ordinary shares of US$100 each	100%	100%	100%	100%	Provision of marine transportation services

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Company as of 31 December 2008	31 December 2009	31 December 2010	Date of this report	Principal activity
Cape Ore Marine Corp.	Republic of Panama 27 January 2010	2 ordinary shares of US$100 each	–	–	100%	100%	Provision of marine transportation services
Courage Marine Co. Ltd.	BVI 19 February 2003	50,000 ordinary shares of US$1 each	100%	100%	100%	100%	Provision of marine transportation services
Courage Marine Holdings (BVI) Limited	BVI 21 February 2005	10,000 ordinary shares of US$1 each	100%	100%	100%	100%	Investment holding
Couarge Marine (HK) Company Limited	Hong Kong 7 May 2004	100 ordinary shares of HK$1 each	100%	100%	100%	100%	Provision of administrative services to group companies
Courage Marine (Holdings) Co. Limited ("Courage Marine Holdings")	Hong Kong 1 June 2001	10,000 ordinary shares of HK$1 each	100%	100%	100%	100%	Investment holding
Courage Marine Property Investment Limited	Hong Kong 1 June 2010	10,000 ordinary shares of HK$1 each	–	–	100%	100%	Property holding
Courage Maritime Technical Service Corp.	Republic of Panama 6 September 2004	2 ordinary shares of US$100 each	100%	100%	100%	100%	Provision of technical management services to group companies
Courage-New Amego Shipping Agency Co. Ltd.	Republic of China 9 September 2005	Registered capital of New Taiwan Dollar 9,000,000	100%	100%	100%	100%	Provision of ship agency services

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Company as of 31 December 2008	31 December 2009	31 December 2010	Date of this report	Principal activity
Courage-New Amego Shipping Corp.	Republic of Panama 6 September 2004	2 ordinary shares of US$100 each	100%	100%	100%	100%	Provision of marketing and operating services to group companies
Harmony Century Group Limited ("Harmony")(2)	BVI 7 October 2010	1,000 ordinary shares of US$1 each	–	–	41.7%	41.7%	Inactive
Heroic Marine Corp.	Republic of Panama 6 March 2006	2 ordinary shares of US$100 each	100%	100%	100%	100%	Provision of marine transportation services
Jeannie Marine Co., Ltd. ("Jeannie")(3)	BVI 7 January 2000	50,000 ordinary shares of US$1 each	100%	100%	100%	–	Inactive after August 2010 and disposed of in February 2011 (August 2010 and before: provision of marine transportation services)
Midas Shipping Navigation Corp.	Republic of Panama 28 September 1995	100 ordinary shares of US$100 each	100%	100%	100%	100%	Inactive
New Hope Marine, S.A.	Republic of Panama 18 November 1981	10 ordinary shares of US$1,000 each	100%	100%	100%	100%	Inactive
Panamax Leader Marine Corp.	Republic of Panama 26 April 2010	2 ordinary shares of US$100 each	–	–	100%	100%	Provision of marine transportation services

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Company as of 31 December 2008	31 December 2009	31 December 2010	Date of this report	Principal activity
Panamax Mars Marine Co., Ltd.	BVI 6 July 2004	50,000 ordinary shares of US$1 each	100%	100%	100%	100%	Currently inactive (January 2009 and before: provision of marine transportation services)
Pointlink Investment Limited ("Pointlink")[4]	BVI 7 July 2005	1 ordinary share of US$1 each	100%	100%	100%	–	Inactive and disposed of in February 2011
Raffles Marine Corp.	Republic of Panama 14 December 2004	2 ordinary shares of US$100 each	100%	100%	100%	100%	Provision of marine transportation services
Sea Pioneer Marine Corp.	Republic of Panama 6 November 2008	100 ordinary shares of US$100 each	100%	100%	100%	100%	Provision of marine transportation services
Sea Valour Marine Corp.	Republic of Panama 25 October 2005	100 ordinary shares of US$100 each	100%	100%	100%	100%	Provision of marine transportation services
Zorina Navigation Corp.	Republic of Panama 10 September 2003	100 ordinary shares of US$100 each	100%	100%	100%	100%	Provision of marine transportation services

Notes:

(1) Ally repurchased its 49,999 shares of US$1 each ("Ally Share") from Courage Marine Holdings for a cash consideration of US$49,999 on 31 December 2010. After completion of the repurchase, Courage Marine Holdings disposed of 1 Ally Share, representing the entire issued share capital of Ally to an independent third party for a cash consideration of US$1 on 22 February 2011.

(2) Harmony is considered as the subsidiary of the Company as the Group has effective control of voting power of the board of directors of Harmony.

(3) Jeannie repurchased its 49,999 shares of US$1 each ("JM Share") from Courage Marine Holdings for a cash consideration of US$49,999 on 31 December 2010. After completion of the repurchase, Courage Marine Holdings disposed of 1 JM Share, representing the entire issued share capital of Jeannie to an independent third party for a cash consideration of US$1 on 22 February 2011.

(4) Courage Marine Holdings disposed of the entire issued share capital of Pointlink to an independent third party for a cash consideration of US$1 on 22 February 2011.

Except for Courage Marine Holdings (BVI) Limited which is held directly by the Company, all other subsidiaries are held indirectly by the Company during the Track Record Period and as at the date of this report.

The financial year end date of all the companies now comprising the Group is 31 December.

The audited financial statements of the Company for each of the three years ended 31 December 2010 were prepared in accordance with International Financial Reporting Standards (the "IFRSs"). The financial statements of the Company for each of the three years ended 31 December 2010 were audited by Deloitte & Touche LLP, Singapore in accordance with International Standards on Auditing.

The statutory financial statements of Courage Marine (HK) Company Limited and Courage Marine Holdings for each of the three years ended 31 December 2010 were prepared in accordance with Hong Kong Financial Reporting Standards. We have performed audit of the statutory financial statements of Courage Marine (HK) Company Limited and Courage Marine Holdings for each of the three years ended 31 December 2010 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

No audited financial statements have been prepared for Courage Marine Property Investment Limited as its first statutory financial statements which cover the period from its date of incorporation from 1 June 2010 to 31 December 2010 is not due to be issued.

No audited financial statements have been prepared for Courage-New Amego Shipping Agency Co. Ltd. for the Track Record Period as there is no statutory audit requirement for this subsidiary since its establishment.

No audited financial statements have been prepared for the other companies comprising the Group which are incorporated/established in the British Virgin Islands and Republic of Panama for the Track Record Period as there is no statutory audit requirement in their respective places of incorporation/establishment.

The Company was listed on the SGX on 13 October 2005 and has been reporting under IFRSs. The consolidated financial statements of the Group for each of the three years ended 31 December 2010 prepared in accordance with IFRSs (the "Underlying Financial Statements") were audited by Deloitte & Touche LLP, Singapore, in accordance with International Standards on Auditing. We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of the Group for the Track Record Period as set out in this report has been prepared from the Underlying Financial Statements. No adjustments to the Underlying Financial Statements were considered necessary for the purpose of preparing our report for inclusion in the Document.

The Underlying Financial Statements are the responsibility of the directors of the Company who approved their issue. The directors of the Company are also responsible for the contents of the Document in which this report is included. It is our responsibilities to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Group and the Company as at 31 December 2008, 2009 and 2010, and of the consolidated results and consolidated cash flows of the Group for the Track Record Period in accordance with IFRSs.

A. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 December		
		2008	2009	2010
	NOTES	*US$'000*	*US$'000*	*US$'000*
Revenue	*7*	75,660	27,939	46,521
Cost of services		(35,513)	(29,011)	(35,192)
Gross profit (loss)		40,147	(1,072)	11,329
Other income	*9*	1,833	2,395	399
Other gains and losses	*10*	3,215	1,863	973
Administrative expenses		(3,961)	(2,599)	(3,487)
Share of result of an associate	*20*	(542)	(223)	–
Finance costs	*11*	(198)	(257)	(119)
Profit before income tax		40,494	107	9,095
Income tax expense	*12*	(11)	(32)	(71)
Profit for the year	*13*	40,483	75	9,024
Other comprehensive income				
Exchange difference arising on translation of the Group's foreign operation		4	(49)	–
Surplus on revaluation of leasehold land and building		–	–	152
		4	(49)	152
Total comprehensive income for the year attributable to owners of the Company		40,487	26	9,176
Earnings per share				
Basic	*16*	3.82 cents	0.01 cents	0.85 cents

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 31 December		
		2008	2009	2010
	NOTES	*US$'000*	*US$'000*	*US$'000*
Non-current assets				
Property, plant and equipment	*18*	63,149	54,876	70,070
Investment property	*19*	–	–	1,671
Interest in an associate	*20*	2,787	–	–
Deposit paid for drydocking of vessels		–	–	2,000
Long-term receivables	*22*	–	2,855	3,767
Structured deposit	*25*	–	–	1,000
Certificate of deposit	*26*	–	–	1,074
		65,936	57,731	79,582
Current assets				
Trade receivables	*21*	2,678	2,228	1,257
Other receivables, deposits and prepayments	*22*	5,401	11,690	3,382
Held-for-trading investments	*23*	526	–	742
Tax recoverable		–	–	58
Pledged bank deposits	*24*	7,280	5,000	5,674
Bank balances and cash	*24*	45,556	43,159	29,929
		61,441	62,077	41,042
Assets classified as held for sale	*27*	6,717	–	–
		68,158	62,077	41,042
Current liabilities				
Other payables and accruals	*28*	5,886	2,769	2,607
Bank borrowing – due within one year	*29*	3,200	3,200	3,600
		9,086	5,969	6,207
Net current assets		59,072	56,108	34,835
Total assets less current liabilities		125,008	113,839	114,417
Non-current liability				
Bank borrowing – due after one year	*29*	6,800	3,600	–
		118,208	110,239	114,417
Capital and reserves				
Share capital	*30*	19,059	19,059	19,059
Reserves		99,149	91,180	95,358
		118,208	110,239	114,417

STATEMENTS OF FINANCIAL POSITION

		At 31 December		
		2008	2009	2010
	NOTES	*US$'000*	*US$'000*	*US$'000*
Non-current assets				
Investments in subsidiaries	*36*	14,217	14,217	14,217
Amounts due from subsidiaries	*36*	63,682	71,682	61,492
		77,899	85,899	75,709
Current assets				
Prepayments	*22*	9	28	28
Bank balances and cash	*24*	408	838	350
		417	866	378
Current liabilities				
Accruals	*28*	1,305	508	828
Amounts due to subsidiaries	*36*	209	9,897	–
		1,514	10,405	828
Net current liabilities		(1,097)	(9,539)	(450)
		76,802	76,360	75,259
Capital and reserves				
Share capital	*30*	19,059	19,059	19,059
Reserves	*37*	57,743	57,301	56,200
		76,802	76,360	75,259

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company					
	Share capital *US$'000*	**Share premium** *US$'000*	**Property revaluation reserve** *US$'000*	**Translation reserve** *US$'000*	**Retained profits** *US$'000*	**Total** *US$'000*
THE GROUP						
At 1 January 2008	19,059	28,027	–	45	68,581	115,712
Profit for the year	–	–	–	–	40,483	40,483
Exchange difference arising on translation of the Group's foreign operation	–	–	–	4	–	4
Total comprehensive income for the year	–	–	–	4	40,483	40,487
Sub-total	19,059	28,027	–	49	109,064	156,199
Dividends	–	–	–	–	(37,991)	(37,991)
At 31 December 2008	19,059	28,027	–	49	71,073	118,208
Profit for the year	–	–	–	–	75	75
Exchange difference arising on translation of the Group's foreign operation	–	–	–	(49)	–	(49)
Total comprehensive income for the year	–	–	–	(49)	75	26
Sub-total	19,059	28,027	–	–	71,148	118,234
Dividends	–	–	–	–	(7,995)	(7,995)
At 31 December 2009	19,059	28,027	–	–	63,153	110,239
Profit for the year	–	–	–	–	9,024	9,024
Surplus on revaluation of leasehold land and building	–	–	152	–	–	152
Total comprehensive income for the year	–	–	152	–	9,024	9,176
Sub-total	19,059	28,027	152	–	72,177	119,415
Dividends	–	–	–	–	(4,998)	(4,998)
At 31 December 2010	19,059	28,027	152	–	67,179	114,417

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2008	2009	2010
	US$'000	*US$'000*	*US$'000*
Operating activities			
Profit before income tax	40,494	107	9,095
Adjustments for:			
Interest income	(1,314)	(162)	(87)
Interest expense	198	257	119
Gain on disposal of property, plant and equipment	(3,089)	–	(805)
Change in fair value of held-for-trading investments	192	(274)	(154)
Change in fair value of investment property	–	–	(82)
Allowance for doubtful receivables	–	–	133
Gain on disposal of assets held for sale	–	(283)	–
Gain on disposal of an associate	–	(1,252)	–
Depreciation of property, plant and equipment	6,699	10,591	9,138
Share of result of an associate	542	223	–
Operating cash flows before movements in working capital	43,722	9,207	17,357
Decrease in trade receivables	915	450	838
Decrease (increase) in other receivables, deposits and prepayments	223	(4,127)	3,646
(Decrease) increase in other payables and accruals	(1,590)	548	(162)
Decrease (increase) in held-for-trading investments	–	800	(588)
Cash generated from operations	43,270	6,878	21,091
Interest received	1,314	162	73
Income tax paid	(11)	(32)	(129)
Net cash from operating activities	44,573	7,008	21,035
Investing activities			
Purchase of property, plant and equipment	(28,732)	(5,983)	(33,962)
Deposit paid for drydocking of vessels	–	–	(2,000)
Proceeds on disposal of property, plant and equipment	1,500	5,750	14,337
Acquisition of investment property	–	–	(1,589)
Addition of structured deposit	–	–	(1,000)
Addition of certificate of deposit	–	–	(1,060)
Addition of pledged bank deposits	(7,280)	(5,000)	(674)
Withdrawal of pledged bank deposits	2,016	7,280	–
Net cash (used in) from investing activities	(32,496)	2,047	(25,948)
Financing activities			
Interest paid	(198)	(257)	(119)
Dividends paid	(37,991)	(7,995)	(4,998)
Bank borrowing raised	10,000	–	–
Repayment of bank borrowing	(680)	(3,200)	(3,200)
Net cash used in financing activities	(28,869)	(11,452)	(8,317)
Net decrease in cash and cash equivalents	(16,792)	(2,397)	(13,230)
Cash and cash equivalents at beginning of the year	62,348	45,556	43,159
Cash and cash equivalents at end of the year, represented by bank balances and cash	45,556	43,159	29,929

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in Bermuda on 5 April 2005 as an exempted company with limited liability under the Companies Act, 1981 of Bermuda, with its registered office at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. Its principal place of business is at Suite 1801, West Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong. The Company is listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX").

The Company is an investment holding company. The principal activities of its subsidiaries are mainly engaged in provision of marine transportation service and ship management service.

The Financial Information is presented in United States Dollars ("US$"), which is the functional currency of the Company.

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Financial Information for the Track Record Period, the Group has consistently adopted International Accounting Standards ("IASs"), International Financial Reporting Standards ("IFRSs"), amendments and Interpretations ("IFRICs"), which are effective for the accounting period beginning on 1 January 2010 throughout the Track Record Period, except for IFRS 3 (Revised 2008) "Business Combinations", which has been applied for business combination for which the acquisition date is on or after 1 January 2010, and IAS 27 (Revised 2008) "Consolidated and Separate Financial Statements" which has been applied for accounting period beginning on 1 January 2010.

At the date of this report, the following new and revised standards, amendments and interpretations have been issued but are not yet effective. The Group has not early applied these new and revised standards, amendments and interpretations during the Track Record Period.

IFRSs (Amendments)	Improvements to IFRSs 2010[1]
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[6]
IAS 24 (Revised)	Related Party Disclosures[4]
IAS 27 (as amended in 2011)	Separate Financial Statements[7]
IAS 28 (as amended in 2011)	Investments in Associates and Joint Ventures[7]
IAS 32 (Amendments)	Classification of Rights Issues[2]
IFRS 1 (Amendments)	Limited Exemption from Comparative IFRS7 Disclosures for First-time Adopters[3]
IFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
IFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[5]
IFRS 9	Financial Instruments[7]
IFRS 10	Consolidated Financial Statements[7]
IFRS 11	Joint Arrangements[7]
IFRS 12	Disclosure of Involvement with Other Entities[7]
IFRS 13	Fair Value Measurement[7]
IFRIC 14 (Amendments)	Prepayments of a Minimum Funding Requirement[4]
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments[3]

[1] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
[2] Effective for annual periods beginning on or after 1 February 2010
[3] Effective for annual periods beginning on or after 1 July 2010
[4] Effective for annual periods beginning on or after 1 January 2011
[5] Effective for annual periods beginning on or after 1 July 2011
[6] Effective for annual periods beginning on or after 1 January 2012
[7] Effective for annual periods beginning on or after 1 January 2013

IFRS 9 "Financial Instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 "Financial Instruments" (as revised in October 2010) adds requirements for financial liabilities and for derecognition.

- Under IFRS 9, all recognised financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The application of the new standard might affect the classification and measurement of the Group's financial assets in the future periods.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared under the historical cost basis except for certain financial instruments, leasehold land and building and investment property, which are measured at fair values or revalued amounts, as appropriate, as explained in the accounting policies set out below.

The Financial Information has been prepared in accordance with the following accounting policies which conform with IFRSs. These policies have been consistently applied throughout the Track Record Period. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of consolidation

The Financial Information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein.

Investment in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Financial Information using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Assets classified as held for sale

Assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Income from voyage charter and time charter is recognised as revenue on the percentage of completion basis, so that revenue is recognised on the time proportion method of each individual voyage.

Ship management income is recognised when the services are rendered.

Rentals receivable under operating leases are recognised in profit or loss on a straight-line basis over the relevant lease term.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholder's right to receive payment have been established.

Property, plant and equipment

Property, plant and equipment including leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated at cost or fair value less subsequent accumulated depreciation and accumulated impairment losses, if any.

Leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statements of financial position at their revalued amounts, being the fair values at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on revaluation of leasehold land and buildings is recognised in other comprehensive income and accumulated in the property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on revaluation of an asset is recognised in profit or loss to the extent that it exceeds the balance, if any, on the property revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Depreciation is provided to write off the cost or fair value of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. When parts of an item of property, plant and equipment have different useful lives, the cost of each part is depreciated separately.

Depreciation of vessels is charged so as to write off the costs of vessels over their remaining estimated useful lives from the date of their acquisition, after allowing for residual values estimated by the directors, using the straight-line method. Each vessel's residual value is equal to the product of its lightweight tonnage and estimated scrap rate.

Upon acquisition of a vessel, the components of the vessel which are required to be replaced at the next drydocking are identified and their costs are depreciated over the period to the next estimated drydocking date, usually ranging from 2.5 to 5 years. Costs incurred on subsequent drydocking of vessels are capitalised and depreciated over the period to the next estimated drydocking date. When significant drydocking costs are incurred prior to the expiry of the depreciation period, the remaining costs of the previous drydocking are written off immediately.

Expenditure incurred after items of property, plant and equipment have been put into operations, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement.

The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statements of financial position and is released over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Impairment of tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another accounting standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that accounting standard.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. United States dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve). On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in gains or losses.

Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held-for-trading and those designated as FVTPL, of which interest income is included in gains or losses.

A financial asset is classified as held-for-trading if:

- it has been acquired principally for the purpose of selling in near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-making; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including long-term receivables, certificate of deposit, trade and other receivables, deposits, amounts due from subsidiaries, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss of financial assets below).

Impairment loss on financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets carried at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis for debt instruments.

Financial liabilities

Financial liabilities (including other payables, amounts due to subsidiaries and bank borrowing) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the relevant group entities are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 "Revenue".

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other periods, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Retirement benefits costs

Payments to the defined contribution retirement benefits plan are charged as expenses when employees have rendered service entitling them to the contributions.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in note 3, the management has made various estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on past experience, expectations of the future and other information that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Key sources of estimation uncertainty

Residual value and useful lives of property, plant and equipment

As described in note 3, property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives to the estimated residual value. The Group determined residual value for all its vessels. This estimate is based on the relevant factors (including the use of the current scrap values of steels in an active market as a reference value) at each measurement date. The Group assesses regularly the residual value and useful life of the property, plant and equipment and if the expectation differs from the original estimate, such difference will impact the depreciation in the year in which such estimate has been changed.

Impairment of property, plant and equipment

The Group assesses regularly whether property, plant and equipment have any indication of impairment in accordance with its accounting policy. The Group reviews the carrying amounts of the vessels based on the value in use of the vessels. These calculations require the use of judgment and estimates. On the above basis, the Group is of the view that no impairment of vessels is required. The carrying amount of the Group's vessels was US$63,081,000, US$53,643,000 and US$66,397,000 as at 31 December 2008, 2009 and 2010, respectively.

Impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. The carrying amount of trade receivables was US$2,678,000, US$2,228,000 and US$1,257,000 as at 31 December 2008, 2009 and 2010, respectively.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners of the Company through the optimisation of the debt and equity balances.

The capital structure of the Group consists of debt, which includes bank borrowing as disclosed in note 29 and equity attributable to owners of the Company, comprising share capital, share premium, property revaluation reserve and retained profits.

The management of the Group reviews the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through payment of dividend, issuance of new shares as well as the raising of new debts or the repayment of existing debts. The Group also ensures that it maintains net worth and capital-assets ratio within a set range to comply with the loan covenant imposed by the banks during the Track Record Period.

The Group's overall strategy remains unchanged during the Track Record Period.

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	At 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
THE GROUP			
Financial assets			
Held-for-trading investments	526	–	742
Designated as FVTPL	–	–	1,000
Loans and receivables (including cash and cash equivalents)	60,745	64,797	40,857
Financial liabilities			
Amortised cost	13,771	7,698	3,639
THE COMPANY			
Financial assets			
Loans and receivables (including cash and cash equivalents)	64,090	72,520	61,842
Financial liabilities			
Amortised cost	209	9,897	–

b. Financial risk management objectives and policies

The Group's and the Company's major financial instruments include long-term receivables, certificate of deposit, trade and other receivables, deposits, held-for-trading investments, structured deposit, pledged bank deposits, amounts due from (to) subsidiaries, bank balances and cash, other payables and bank borrowing. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the polices on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no significant changes to the Group's exposure to financial risks or the manner in which the Group manages and measures the risk throughout the Track Record Period.

Foreign exchange risk

The Group's operations are mainly transacted in United States dollars, the functional currency of relevant group companies, and the operating expenses incurred are denominated in Unites States dollars with a small extent in New Taiwan dollars, Hong Kong dollars and Singapore dollars. All revenues are invoiced in United States dollars. To the extent that the Group's sales and expenses are not naturally matched in the same currency and to the extent that there are timing differences between invoicing and collection/payment, the Group will be exposed to foreign currency exchange gains and losses arising from transactions in currencies other than the relevant functional currency. As a result, the Group's results may be affected. The held-for-trading investments at 31 December 2008 and 31 December 2010 are denominated at Hong Kong dollars and New Taiwan dollars, respectively as disclosed in note 23. The certificate of deposit which is denominated in Renminbi, and certain bank balances which are denominated in foreign currencies as disclosed in notes 26 and 24 respectively are insignificant to the Group.

As the Group does not have significant foreign currency transactions and balances, foreign currency sensitivity analysis is not presented.

Interest rate risk

The Group is exposed to fair value interest risk in relation to fixed rate pledged bank deposits at 31 December 2008 and fixed rate certificate of deposit at 31 December 2010. The Group is also exposed to cash flow interest rate risk primarily relating to certain pledged bank deposits and bank balances, structured deposit and bank borrowing at the end of the reporting period which carry variable interest rates, as disclosed in notes 24, 25 and 29, respectively. The Group has not used any interest rate swaps to mitigate its exposure associated with fluctuations relating to interest rate risk. However, the management monitors interest rate exposure and will consider necessary actions when significant interest rate exposure is anticipated.

In April 2010, the Group entered into a structured deposit as set out in note 25, of which the coupon rate is dependent on US$ 3 months London Interbank Offered Rate ("LIBOR"). In view of the insignificant balance of the structured deposit, the directors of the Company considered interest rate risk arising from structured deposit is insignificant.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuations of LIBOR arising from the Group's variable-rate bank borrowings.

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments relating to variable-rate bank borrowing as at 31 December 2008, 2009 and 2010. The management considers that the changes in interest rates of bank deposits and structured deposit have no significant impact on the Group and the sensitivity analysis of interest rate risk of such balances is not presented. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole reporting year. A 100 basis points increase or decrease is used as it represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the years ended 31 December 2008, 2009 and 2010 would decrease/increase by US$100,000, US$68,000 and US$36,000, respectively.

Credit risk

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

At the end of each reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the statements of financial position and the amount of contingent liabilities in relation to the financial guarantee provided by the Company as disclosed in note 34.

As the Group has a policy of requesting certain customers to prepay the charter-hire income in full before discharging for voyage charter and prepay the charter-hire income for time charter, the balance of trade receivables at the end of the reporting period are normally low. The management of the Group generally grants credit only to customers with good credit ratings and also closely monitors overdue trade debts. The unsettled trade receivables are monitored on an ongoing basis and followed up by the finance department. The management reviews the recoverable amount of each individual receivable regularly to ensure that follow up actions are taken to recover overdue debts and adequate impairment losses, if any, are recognised for irrecoverable amounts. In this regard, the management considers that the Group's credit risk is significantly reduced.

The Group's credit risk is primarily attributable to the trade receivables. The Group has concentration of credit risk as 92%, 54% and 79% of the total trade receivables as at 31 December 2008, 2009 and 2010 was due from the Group's largest customer and 99%, 95% and 100% of the total trade receivables as at 31 December 2008, 2009 and 2010 was due from the Group's five largest customers. Those customers have good settlement track records with the Group and are considered to be of good credit quality as they are well established companies engaging in business of coal trading, building and construction, power supply and logistics service in various countries. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amount. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

In respect of the concentration of credit risk over the deferred considerations arising from disposal of vessels and interest in an associate as disclosed in note 22, the management of the Group has closely monitored the financial positions of the counterparty and followed up the settlement in accordance with the agreed repayment schedule, and will consider to provide impairment if necessary.

The management considers that the credit risk on liquid funds, certificate of deposit and structured deposit is low as counterparties are banks with high credit ratings assigned by international credit-rating agencies.

At Company's level, amounts due from subsidiaries mainly represented dividend receivables from subsidiaries. No material credit risk is expected as continuous profit will be generated from the underlying subsidiaries and cash settlement will be made by the subsidiaries to settle the amounts due from subsidiaries. In view of the profitability and sound financial position of the subsidiaries, the directors considered that the exposure to credit risk is low. In respect of the concentration of credit risk over the amounts due from subsidiaries, the management of the Company will closely monitor the financial positions of the subsidiaries, and will consider to provide impairment if necessary.

As disclosed in note 34, the Company provided corporate guarantee to a subsidiary to obtain a bank loan facility from a bank. The bank loan is secured by a vessel of the Group that the management of the Company considered that the credit risk of the Company is minimal.

Price risk

The Group is exposed to equity price risk arising from equity investments classified as held-for-trading investments. The Group does not expect significant impact arising from price risk as the investments are not significant to the Group.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The following tables detail the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities, based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are based on floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

The Group

	Weighted average interest rate	On demand or 6 months or less	6-12 months	1-2 years	2-5 years	Total undiscounted cash flows	Carrying amounts
	%	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 31 December 2008							
Other payables	–	3,771	–	–	–	3,771	3,771
Bank borrowing – variable rate	5.42	1,865	1,819	3,508	3,732	10,924	10,000
		5,636	1,819	3,508	3,732	14,695	13,771
At 31 December 2009							
Other payables	–	898	–	–	–	898	898
Bank borrowing – variable rate	2.28	1,675	1,655	3,655	–	6,985	6,800
		2,573	1,655	3,655	–	7,883	7,698
At 31 December 2010							
Other payables	–	39	–	–	–	39	39
Bank borrowing – variable rate	2.29	1,637	2,019	–	–	3,656	3,600
		1,676	2,019	–	–	3,695	3,639

The amounts include above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The Company

	Weighted average interest rate	On demand or 6 months or less	6-12 months	1-2 years	2-5 years	Total undiscounted cash flows	Carrying amounts
	%	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 31 December 2008							
Amounts due to subsidiaries	–	209	–	–	–	209	209
Financial guarantee contract	–	1,600	1,600	3,200	3,600	10,000	10,000
		1,809	1,600	3,200	3,600	10,209	10,209
At 31 December 2009							
Amounts due to subsidiaries	–	9,897	–	–	–	9,897	9,897
Financial guarantee contract	–	1,600	1,600	3,600	–	6,800	6,800
		11,497	1,600	3,600	–	16,697	16,697
At 31 December 2010							
Financial guarantee contract	–	1,600	2,000	–	–	3,600	3,600

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

c. Fair values

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of held-for-trading investments traded on active liquid markets are determined with reference to quoted market bid prices; and
- The fair value of structured deposit is measured using discounted cash flow analyses based on the applicable yield curves of relevant interest rates, and
- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using rates from observable current market transactions as input.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost at the end of each reporting period approximate their fair values.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	At 31 December 2010		
	Level 1	**Level 2**	**Total**
	US$'000	*US$'000*	*US$'000*
Financial assets at FVTPL			
Held-for-trading investments	742	–	742
Structured deposit designated as FVTPL	–	1,000	1,000
Total	742	1,000	1,742

	At 31 December 2008		
	Level 1	**Level 2**	**Total**
	US$'000	*US$'000*	*US$'000*
Financial assets at FVTPL			
Held-for-trading investments	526	–	526

There were no transfer between level 1 and level 2 during the Track Record Period.

7. REVENUE

	Year ended 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Marine transportation service income			
– Voyage charter	63,491	24,494	31,787
– Time charter	12,029	3,085	14,470
	75,520	27,579	46,257
Ship management income	140	360	264
	75,660	27,939	46,521

8. SEGMENT INFORMATION

IFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the board of directors) in order to allocate resources to segments and to assess their performance.

The Group's operating activities are attributable to a single operating segment focusing on provision of marine transportation service. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies which conform to IFRSs, that are regularly reviewed by the board of directors. The board of directors monitors the revenue of marine transportation service based on the voyage charter and time charter service income of dry bulk carriers of different sizes and their utilization rates for the purpose of making decisions about resource allocation and performance assessment. However, other than revenue analysis, no operating results and other discrete financial information is available for the resource allocation and performance assessment. The results of ship management service activities are insignificant to the Group and were not regularly reviewed by the chief operating decision maker. The board of directors reviews the profit for the year of the Group as a whole for performance assessment. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the board of directors.

The revenue of the dry bulk carriers of different sizes is analysed as follows:

For the year ended 31 December 2008

	Voyage charter	**Time charter**	**Total**
	US$'000	*US$'000*	*US$'000*
Dry bulk carriers			
– Handysize	35,023	856	35,879
– Handymax	10,097	1,613	11,710
– Panamax	18,371	9,560	27,931
	63,491	12,029	75,520

For the year ended 31 December 2009

	Voyage charter	**Time charter**	**Total**
	US$'000	*US$'000*	*US$'000*
Dry bulk carriers			
– Handysize	8,466	133	8,599
– Handymax	6,079	749	6,828
– Panamax	9,949	2,203	12,152
	24,494	3,085	27,579

For the year ended 31 December 2010

	Voyage charter	Time charter	Total
	US$'000	*US$'000*	*US$'000*
Dry bulk carriers			
– Capsize	1,213	1,643	2,856
– Handysize	10,446	2,644	13,090
– Handymax	11,502	1,297	12,799
– Panamax	8,626	8,886	17,512
	31,787	14,470	46,257

Due to the nature of the provision of vessel chartering services, which are carried out internationally, the directors consider that it is not meaningful to provide geographical financial information concerning revenue and location of non-current assets of the Group. Accordingly, financial information about geographical areas is not presented.

Information about major customers

Revenue arising from the provision of vessel chartering services from customers during the Track Record Period individually contributing over 10% of total revenue of the Group are as follows:

	Year ended 31 December		
	2008	2009	2010
	US$'000	*US$'000*	*US$'000*
Customer A	13,724	–[1]	–[1]
Customer B	13,642	14,587	11,135
Customer C	–[2]	–[2]	7,134
	27,366	14,587	18,269

[1] Revenue contribution from customer A was less than 10% of the Group's total revenue for the years ended 31 December 2009 and 31 December 2010.

[2] Revenue contribution from customer C was less than 10% of the Group's total revenue for the years ended 31 December 2008 and 31 December 2009.

9. OTHER INCOME

	Year ended 31 December		
	2008	2009	2010
	US$'000	*US$'000*	*US$'000*
Rental income	–	–	14
Interest income from banks	1,314	162	73
Interest income from certificate of deposit	–	–	14
Insurance claims	479	2,203	252
Sundry income	40	30	46
	1,833	2,395	399

10. OTHER GAINS AND LOSSES

	Year ended 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Gain on disposal of property, plant and equipment	3,089	–	805
Gain on disposal of assets classified as held for sale *(note 27)*	–	283	–
Change in fair value of investment property	–	–	82
Change in fair value of held-for-trading investments	(192)	274	154
Gain on disposal of an associate *(note 20)*	–	1,252	–
Exchange gain, net	318	54	65
Allowance for doubtful receivables	–	–	(133)
	3,215	1,863	973

11. FINANCE COSTS

They represented the interests on bank borrowings wholly repayable within five years.

12. INCOME TAX EXPENSE

	Year ended 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Current tax:			
Hong Kong Profits Tax	–	–	41
People's Republic of China ("PRC") income tax	–	–	4
Republic of China income tax	11	32	26
	11	32	71

No provision for Hong Kong Profits Tax has been made during the years ended 31 December 2008 and 31 December 2009 as the Group's income neither arises in, nor is derived from Hong Kong. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit of a subsidiary for the year ended 31 December 2010.

PRC income tax for the year ended 31 December 2010 is calculated at 25% of the assessable profit of a representative office in Shanghai, PRC.

Income tax in Republic of China is calculated at 25% of the assessable profit of a subsidiary during the Track Record Period.

In the opinion of the directors of the Company, there is no taxation arising in other jurisdictions.

Income tax expense for the year can be reconciled to the profit before income tax as follows:

	Year ended 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Profit before income tax	40,494	107	9,095
Tax charge at the applicable income tax rate of 16.5% *(note)*	6,682	18	1,501
Tax effect of income not taxable for tax purpose	(7,140)	(558)	(2,166)
Tax effect of expenses not deductible for tax purpose	422	552	644
Effect of different tax rates of subsidiaries operating in other jurisdictions	(3)	11	10
Tax losses not recognised	48	8	42
Others	2	1	40
Income tax expense for the year	11	32	71

Note: The Hong Kong profits tax rate is used for the tax reconciliation as the principal place of business of the Group is substantially based in Hong Kong.

No deferred tax has been provided as the Group did not have any significant temporary difference during the Track Record Period and at the end of each reporting period.

13. PROFIT FOR THE YEAR

	Year ended 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Profit for the year has been arrived at after charging:			
Auditor's remuneration	219	201	280
Marine crew expenses	4,142	3,974	5,035
Minimum lease payments under operating leases	195	219	191
Depreciation of property, plant and equipment	6,699	10,591	9,138
Staff costs (including directors' emoluments)			
– Salaries and other benefits	2,029	1,130	1,453
– Contributions to retirement benefits scheme	31	29	31
	2,060	1,159	1,484

14. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the directors during the Track Record Period were as follows:

	Year ended 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Directors' fees	307	90	179
Directors' emoluments:			
– Basic salaries and allowances	354	351	280
– Discretionary bonus	240	–	61
– Contributions to retirement benefits scheme	–	–	–
Total	901	441	520

	Directors' fee	**Basic salaries and allowances**	**Discretionary bonus**	**Contributions to retirement benefits scheme**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Year ended 31 December 2008					
Executive:					
Wu Chao-Huan	40	130	60	–	230
Chiu Chi-Shun	20	107	30	–	157
Chen Shin-Yung	40	117	60	–	217
Wu Chao-Ping	20	–	30	–	50
Non-executive:					
Hsu Chih-Chien	40	–	60	–	100
Independent non-executive:					
Sin Boon Ann	56	–	–	–	56
Chu Wen Yuan	42	–	–	–	42
Lui Chun Kin Gary	49	–	–	–	49
	307	354	240	–	901
Year ended 31 December 2009					
Executive:					
Wu Chao-Huan	–	130	–	–	130
Chiu Chi-Shun	–	104	–	–	104
Chen Shin-Yung	–	117	–	–	117
Wu Chao-Ping	–	–	–	–	–
Non-executive:					
Hsu Chih-Chien	–	–	–	–	–
Independent non-executive:					
Sin Boon Ann	34	–	–	–	34
Chu Wen Yuan	26	–	–	–	26
Lui Chun Kin Gary	30	–	–	–	30
	90	351	–	–	441

	Directors' fee	Basic salaries and allowances	Discretionary bonus	Contributions to retirement benefits scheme	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Year ended 31 December 2010					
Executive:					
Wu Chao-Huan	10	130	15	–	155
Chiu Chi-Shun (resigned on 27 April 2010)	2	33	4	–	39
Chen Shin-Yung	10	117	15	–	142
Wu Chao-Ping (resigned on 27 April 2010)	2	–	4	–	6
Non-executive:					
Hsu Chih-Chien	10	–	15	–	25
Sun Hsien-Long (appointed on 13 August 2010)	2	–	4	–	6
Chang Shun-Chi (appointed on 13 August 2010)	2	–	4	–	6
Independent non-executive:					
Sin Boon Ann	55	–	–	–	55
Chu Wen Yuan	39	–	–	–	39
Lui Chun Kin Gary	47	–	–	–	47
	179	280	61	–	520

Notes:

1. For the year ended 31 December 2009, Mr. Hsu Chih-Chien waived directors' fee of US$80,000. No other directors waived any emoluments during the Track Record Period.

2. The discretionary bonus is determined based on evaluation of each individual's performance annually, which is approved by the remuneration committee.

15. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, 3 were directors of the Company during each of the year over the Track Record Period, details of whose emolument are included in the disclosures above. The emoluments of the remaining 2 individuals were as follows:

	Year ended 31 December		
	2008	2009	2010
	US$'000	*US$'000*	*US$'000*
Salaries, allowances and benefits in kind	269	183	235
Contributions to retirement benefits scheme	6	4	4
	275	187	239

The emoluments of the 2 highest paid individuals (other than the director) were within the following bands:

	Number of employees Year ended 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Nil to HK$1,000,000	1	2	1
HK$1,000,001 to HK$1,500,000	1	–	1
	2	2	2

During the Track Record Period, no emoluments was paid by the Group to any of the directors or the five individuals with the highest emoluments in the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

16. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to owners of the Company during the Track Record Period is based on the following data:

	Year ended 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Profit for the year attributable to owners of the Company	40,483	75	9,024
	'000	*'000*	*'000*
Number of shares	1,058,829	1,058,829	1,058,829

No diluted earnings per share were presented for the Track Record Period as there were no potential ordinary shares outstanding during the Track Record Period and at the end of each reporting period.

17. DIVIDENDS

	Year ended 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Dividends recognised as distributions during the year	37,991	7,995	4,998

The following dividends were declared and paid in 2008:

(i) Final dividends of US$25,994,000 representing US2.45 cents per ordinary share in respect of the year ended 31 December 2007; and

(ii) Interim dividends of US$11,997,000 representing US1.13 cents per ordinary share in respect of the year ended 31 December 2008.

The following dividends were declared and paid in 2009:

(i) Final dividends of US$7,995,000 representing US0.755 cent per ordinary share in respect of the year ended 31 December 2008.

The following dividends were declared and paid in 2010:

(i) Final dividends of US$4,998,000 representing US0.472 cent per ordinary share in respect of the year ended 31 December 2009.

On 18 February 2011, the directors proposed a final dividend of US0.71 cent per ordinary share to be paid in respect of the financial year ended 31 December 2010. The total estimated dividend to be paid is approximately US$7,518,000.

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building *US$'000*	**Leasehold improvements** *US$'000*	**Vessels** *US$'000*	**Furniture, fixtures and equipment** *US$'000*	**Total** *US$'000*
COST OR VALUATION					
At 1 January 2008	–	185	58,516	105	58,806
Additions	–	1	32,137	11	32,149
Disposals	–	–	(3,332)	(1)	(3,333)
Reclassified as held for sale *(note 27)*	–	–	(11,568)	(1)	(11,569)
At 31 December 2008	–	186	75,753	114	76,053
Additions	–	–	1,000	1,318	2,318
At 31 December 2009	–	186	76,753	1,432	78,371
Additions	2,437	131	31,360	34	33,962
Disposals	–	(45)	(11,676)	(11)	(11,732)
Surplus on valuation	126	–	–	–	126
At 31 December 2010	2,563	272	96,437	1,455	100,727
Comprising					
At cost	–	272	96,437	1,455	98,164
At valuation 2010	2,563	–	–	–	2,563
	2,563	272	96,437	1,455	100,727
DEPRECIATION					
At 1 January 2008	–	137	11,296	46	11,479
Provided for the year	–	24	6,648	27	6,699
Eliminated on disposals	–	–	(421)	(1)	(422)
Reclassified as held for sale *(note 27)*	–	–	(4,851)	(1)	(4,852)
At 31 December 2008	–	161	12,672	71	12,904
Provided for the year	–	24	10,438	129	10,591
At 31 December 2009	–	185	23,110	200	23,495
Provided for the year	26	9	8,824	279	9,138
Eliminated on disposals	–	(45)	(1,894)	(11)	(1,950)
Eliminated on revaluation	(26)	–	–	–	(26)
At 31 December 2010	–	149	30,040	468	30,657
CARRYING VALUES					
At 31 December 2008	–	25	63,081	43	63,149
At 31 December 2009	–	1	53,643	1,232	54,876
At 31 December 2010	2,563	123	66,397	987	70,070

The above items of property, plant and equipment are depreciated using the straight-line method and after taking into account of their estimated residual value, over the following years:

Leasehold land and building	50 years or term of the lease if shorter
Leasehold improvements	5 years
Vessels (first-hand)	30 years from the date of initial delivery from the shipyard, except for drydocking and certain other components which are depreciated over 2.5 years or 5 years depending on the level of drydocking (intermediate: 2.5 years; special: 5 years)
Vessels (second-hand)	Remaining useful lives from the dates of acquisition of 5 to 10 years, except for drydocking and certain other components which are depreciated over 2.5 years or 5 years depending on the level of drydocking (intermediate: 2.5 years; special: 5 years)
Furniture, fixtures and equipment	5 years

The building is situated in Hong Kong on land held under medium term lease.

The allocation of leasehold land and building elements cannot be made reliably, hence the leasehold interests in land is accounted for as property, plant and equipment.

The fair value of the Group's leasehold land and building at 31 December 2010 has been arrived at on the basis of a valuation carried out on that date by RHL Appraisal Limited ("RHL"), who have appropriate qualifications and recent experience in the valuation of similar properties in the relevant location. The address of RHL is Room 1010, 10/F, Star House, Tsimshashui, Hong Kong. The valuation report on these properties is signed by a director of RHL who is a member of The Hong Kong Institute of Surveyors, and was arrived at by adopting the direct comparison approach making reference to the recent transactions of similar properties in similar location and condition under the prevailing market conditions. The gain of US$152,000 arising on revaluation has been recognised in other comprehensive income and accumulated in equity.

At 31 December 2010, if leasehold land and building had not been revalued, they would have been included in the consolidated statement of financial position at historical cost less accumulated depreciation of US$2,411,000.

The carrying amount of a vessel of the Group amounting to US$16,000,000, US$13,150,000 and US$10,301,000 at 31 December 2008, 2009 and 2010, respectively, is pledged against the bank loan granted to a subsidiary as disclosed in note 29.

19. INVESTMENT PROPERTY

	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
At 1 January	–	–	–
Additions	–	–	1,589
Increase in fair value recognised in profit or loss	–	–	82
At 31 December	–	–	1,671

The Group's investment property is situated in Hong Kong on land held under medium term lease.

All of the Group's leasehold interests in land held to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment property.

The fair value of the Group's investment property at 31 December 2010 has been arrived at on the basis of a valuation carried out on that date by RHL, who have appropriate qualifications and recent experience in the valuation of similar properties in the relevant location. The valuation report on these properties is signed by a director of RHL who is a member of The Hong Kong Institute of Surveyors, and was arrived at by adopting the direct comparison approach making reference to the recent transactions of similar properties in similar location and condition under the prevailing market conditions.

20. INTEREST IN AN ASSOCIATE

	At 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Cost of investment in an associate	3,390	–	–
Share of post-acquisition loss	(603)	–	–
	2,787	–	–

Details of the Group's associate at 31 December 2008 were as follows:

Name of associate	**Place of incorporation and operation**	**Proportion of ownership interest**	**Principal activity**
Sunrise Airlines Co. Ltd. ("Sunrise")	Republic of China	25%	Operation of general and civil air transport, import and sale of aircraft and spare parts

Note:

In August 2007, Courage-New Amego Shipping Corp. ("Courage-New Amego"), a subsidiary of the Company, acquired 11,200,420 ordinary shares of Sunrise, representing 25% of the issued share capital of Sunrise from Jason Chang, an independent third party, at a cash consideration of NTD111,444,179 (equivalent to US$3,390,000). In connection with the purchase of the shares, the vendor had granted to Courage-New Amego a put option whereby Courage-New Amego was entitled to sell the purchased shares to the vendor at the original purchase price together with interest charge of 6% per annum amounted to NTD123,609,896 (equivalent to US$3,767,000) within a period of two years after the completion of the acquisition i.e. by August 2009. This put option had been exercised by Courage-New Amego in May 2009 and had been accepted by the vendor in July 2009. Upon exercise of the put option of Sunrise, the Group lost the power to participate in the financial and operating policy decisions of Sunrise. The Group has equity accounted for the associate up to the date of disposal. Sunrise was not a significant associate of the Group and its financial statements were audited by Ernst & Young, Republic of China.

Summarised financial information in respect of the Group's associate is set out below:

	31 December 2008	Date of disposal
	US$'000	*US$'000*
Total assets	23,843	21,715
Total liabilities	(12,694)	(11,458)
Net assets	11,149	10,257
Group's share of associate's net assets	2,787	2,564

	For the year ended 31 December 2008	From 1 January 2009 to date of disposal
	US$'000	*US$'000*
Revenue	12,912	6,056
Loss for the year/period	2,167	892
Group's share of associate's loss for the year/period	542	223

The details of disposal of the associate are as follows:

	30 June 2009
	US$'000
Group's share of associate's net assets	2,564
Gain on disposal	1,252
Release of translation reserve	(49)
Total consideration	3,767

21. TRADE RECEIVABLES

The credit period granted by the Group to certain customers of voyage charter is within 2 weeks after the receipt of invoices while other customers are requested to prepay the charter-hire income in full before discharging for voyage charter. Customers of time charter are requested to prepay the charter-hire income for time charter. An aged analysis of the Group's trade receivables based on invoice date at the end of the reporting period is as follows:

	At 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
0 – 30 days	855	2,093	1,257
31 – 60 days	1,699	1	–
Over 60 days	124	134	–
	2,678	2,228	1,257

Included in the Group's trade receivable balances are debtors with aggregate carrying amount of US$2,611,000, US$1,793,000, US$1,000,000 as at 31 December 2008, 31 December 2009 and 31 December 2010, respectively, which are past due at the end of the reporting period for which the Group has not provided for impairment loss. For the remaining trade debtor balances which are neither past due nor impaired, the Group considered that they have good credit quality in view of their good settlement track record.

Aging of trade receivables which are past due but not impaired:

	At 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
0 – 30 days	788	1,658	1,000
31 – 60 days	1,699	1	–
Over 60 days	124	134	–
	2,611	1,793	1,000

The Group has not provided for the trade receivables which are past due but not impaired because the directors of the Company consider that those receivables are recoverable based on the good settlement track record of the customers. No interest is charged on the trade receivables. The Group does not hold any collateral over these balances.

Movement in the allowance for doubtful debts:

	At 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
At 1 January	–	–	–
Impairment loss recognised on receivables	–	–	133
At 31 December	–	–	133

At 31 December 2010, included in the allowance for doubtful debts are individually impaired trade receivables amounted to US$133,000 which are overdue over one year. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected proceeds. The Group does not hold any collateral over these balances.

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. In addition, the Group reviews the recoverable amount of each individual trade receivable at the end of the reporting period and considers to make impairment losses for irrecoverable amount, if necessary.

Majority of the trade receivables are denominated in US$, which is the functional currency of the relevant subsidiaries.

22. LONG-TERM RECEIVABLES/OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
THE GROUP			
Deferred consideration for disposal of a vessel – MV Ally II *(note i)*	4,500	1,500	–
Deferred consideration for disposal of a vessel – MV Panamax Mars *(note ii)*	–	4,250	2,000
Deferred consideration for disposal of interest in an associate *(note iii)*	–	3,767	3,767
Other receivables *(note iv)*	256	4,464	879
Prepayments	170	135	459
Deposits	475	429	44
	5,401	14,545	7,149
Less: Non-current portion *(note v)*	–	(2,855)	(3,767)
	5,401	11,690	3,382

	At 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
THE COMPANY			
Prepayments	9	28	28

Notes:

(i) In November 2008, the Group entered into a memorandum of agreement with Goldocean International Investment Limited ("Goldocean"), an independent third party, to dispose of a vessel, MV Ally II, at a cash consideration of US$6,000,000. The disposal of the vessel was completed in November 2008 by the delivery of the vessel to Goldocean. Out of the total cash consideration, US$1,500,000 was received by the Group in November 2008 and for the remaining outstanding balance of US$4,500,000 at 31 December 2008, it was settled over 5 instalments commencing from January 2009 with a quarterly payment of US$750,000 in the first 4 instalments and followed by the final payment of US$1,500,000 in the 5th instalment which was due in November 2009.

In 2009, the repayment schedule of the final payment of US$1,500,000 has been revised and deferred to November 2010 and has been fully settled in November 2010. The deferred consideration was neither past due nor impaired at 31 December 2008 and 31 December 2009.

(ii) On 18 December 2008, the Group entered into a memorandum of agreement with Goldcapital Asia Management Limited ("Goldcapital"), an independent third party, to dispose of a vessel, MV Panamax Mars, at a cash consideration of US$7,000,000. The disposal of the vessel was completed in January 2009 by the delivery of the vessel to Goldcapital. Out of the total cash consideration, US$500,000 was received by the Group in January 2009 and for the remaining consideration of US$6,500,000, it was settled over 9 instalments commencing from March 2009 with a quarterly payment of US$750,000 in the first 8 instalments and followed by the final payment of US$500,000 in the 9th instalment according to the agreed repayment schedule. For the outstanding balance of deferred consideration of US$4,250,000 at 31 December 2009, US$3,750,000 were due within 2010 and the remaining balance of US$500,000 (note (v)) was due in January 2011 and included in the long-term receivables of the Group at 31 December 2009.

At 31 December 2008 and 31 December 2009, the deferred consideration was neither past due nor impaired. At 31 December 2010, US$1,500,000 was past due but no impairment has been made as the outstanding balance of deferred consideration of US$2,000,000 has been fully settled in March 2011.

(iii) As disclosed in note 20, the Group exercised the put option to sell back the 25% equity interest in Sunrise to the original vendor, Jason Chang at a cash consideration of US$3,767,000, which will be settled by 8 equal instalments with a quarterly payment of US$471,000 commencing from 3 May 2010. For the outstanding balance of US$3,767,000 at 31 December 2009, in accordance with the agreed repayment schedule, US$1,412,000 will be settled in 2010 and the remaining balance of US$2,355,000 (note (v)) will be due over one year and included in the long-term receivables of the Group at 31 December 2009.

In October 2010, the Group entered into a settlement agreement ("Settlement Agreement") with Jason Chang pursuant to which the outstanding balance of US$3,767,000 will be settled by way of 41.7% property interest in an industrial building in Shanghai, the PRC, beneficially owned by Jason Chang. According to the Settlement Agreement, the date of completion of the transfer of property interest should not be later than 14 April 2011. At 31 December 2010, the process of transferring the equitable interest of the property to the Group was still in progress. The fair value of property interest in the industrial building at 31 December 2010 has been arrived at on the basis of a valuation carried out on that date by RHL, who have appropriate qualifications and recent experience in the valuation of similar properties in the relevant location. The valuation report on the property is signed by a director of RHL who is a member of The Hong Kong Institute of Surveyors, and was arrived at by adopting the direct comparison approach making reference to the recent transactions of similar properties in similar location and condition under the prevailing market conditions. The fair value of property interest in the industrial building at 31 December 2010 attributable to the Group's interest in the subsidiary of which the property interests were transferred, was approximate to the outstanding balance due from Jason Chang.

On 22 March 2011, the Group entered into an extension agreement with Jason Chang such that the Long Stop Date for fulfilment of the conditions for completion of the transfer of property interest has been extended to 31 March 2012 and on the same date, Mr. Wu Chao-Huan and Mr. Hsu Chih-Chien, the directors and shareholders of the Company signed a deed of indemnity pursuant to which they will jointly and severally indemnify the Group against losses, costs and expenses which the Group may suffer or incur as a result of default on the part of Jason Chang to perform his obligations under the Settlement Agreement to the extent of the outstanding balance due from Jason Chang. In this regard, the management of the Group considers the Group's credit risk is significantly reduced.

(iv) Other receivables included receivables on expenses paid on behalf of certain independent third parties, to which the Group provided ship management service, amounted to US$247,000, US$2,822,000 and US$857,000 at 31 December 2008, 2009 and 2010, respectively. At 31 December 2009, other receivables also included insurance claims on vessel damages amounted to US$1,620,000 which has been fully settled in 2010.

(v) At 31 December 2009 and 31 December 2010, the long-term receivables included the deferred consideration of US$500,000 and nil, respectively in respect of the disposal of MV Panamax Mars which was due in January 2011 as disclosed in note (ii) and the deferred consideration of US$2,355,000 and US$3,767,000, respectively in respect of disposal of investment in Sunrise which was due over one year as disclosed in note (iii).

23. HELD-FOR-TRADING INVESTMENTS

	At 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Listed equity securities, at fair value	526	–	742

The above investments at 31 December 2008 and 31 December 2010 are Hong Kong listed equity securities and Taiwan listed equity securities, respectively and their fair values are determined based on the quoted market bid prices.

The held-for-trading investments at 31 December 2008 and 31 December 2010 are denominated in Hong Kong dollars and New Taiwan dollars, respectively.

24. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

As at 31 December 2008, the Group has entered into a 18 months' certificate of deposit of US$7,280,000 which was issued by the Industrial and Commercial Bank of China (Asia) Limited ("ICBC") on 12 March 2008 with the maturity date of 21 September 2009 and has been pledged as security for the ICBC short-term banking facilities granted to the Group. The interest rate is charged at fixed rate of 2.1% per annum. The Group has not drawn down the banking facilities and the pledged deposit was released upon maturity in 2009.

At 31 December 2009 and 31 December 2010, the Group has placed a fixed deposit of US$5,000,000 and US$5,424,000, respectively in ICBC with the term of one year, which is secured against the ICBC short-term banking facilities of US$5,000,000 available to the Group. The fixed deposit is carried at prevailing market deposit rate of 0.23% per annum at 31 December 2009 and 0.58% per annum at 31 December 2010. The Group has not drawn down the banking facilities at 31 December 2010.

At 31 December 2010, the Group has placed a fixed deposit of US$250,000 in a bank, which is secured against short-term banking facilities of US$2,500,000 available to the Group. The fixed deposit is carried at prevailing market deposit rate of 0.1% per annum. The Group has not drawn down the banking facilities at 31 December 2010.

Bank balances of the Group and the Company carry interest at prevailing market deposit rates which range from 0.001% to 0.75% per annum and 0.001% to 0.07% per annum, respectively during the Track Record Period.

The Group's and Company's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follows:

	At 31 December		
	2008	2009	2010
	US$'000	*US$'000*	*US$'000*
THE GROUP			
Hong Kong dollars	86	904	87
New Taiwan dollars	133	163	494
Singapore dollars	189	752	242
Renminbi	–	–	62
THE COMPANY			
Singapore dollars	189	729	241

25. STRUCTURED DEPOSIT

In April 2010, the Group placed a structured deposit of US$1,000,000 with a bank in Hong Kong, which contains embedded derivatives. The returns of the deposit are linked to the change in interest rates quoted in the market. The structured deposit is designated as FVTPL at initial recognition and the change in fair value is recognised in profit or loss.

Major terms of the structured deposit at 31 December 2010 are as follows:

Principal amount	Maturity date	Annual coupon rate
US$1,000,000	23 April 2013	1% to 3% per annum *(note)*

Note: The annual coupon rate is dependent on whether the US$ 3 months LIBOR falls within 1% to 3% per annum, or outside this range, during the period from inception date to maturity date.

At 31 December 2010, the structured deposit is stated at fair value based on valuation provided by the bank. The fair value of structured deposit is measured using discounted cash flow analyses based on the applicable yield curves of relevant interest rates.

26. CERTIFICATE OF DEPOSIT

	2008	2009	2010
	US$'000	*US$'000*	*US$'000*
Certificate of deposit with coupon interest rate of 2.1% per annum and maturity date on 13 September 2012, carried at amortised cost	–	–	1,074

The unquoted certificate of deposit is denominated in Renminbi.

At 31 December 2010, the fair value of certificate of deposit approximates to its carrying amount.

27. ASSETS CLASSIFIED AS HELD FOR SALE

As disclosed in note 22 (ii), the Group entered into a memorandum of agreement dated 18 December 2008 with Goldcapital, an independent third party, to dispose of a vessel, MV Panamax Mars and related assets, at a cash consideration of US$7,000,000. At 31 December 2008, the carrying value of the vessel and related assets were classified as held for sale in the consolidated statement of financial position.

In January 2009, the disposal transaction was completed by the delivery of the vessel and a gain on disposal of the vessel and related assets amounting to US$283,000 was recognised in the profit or loss.

At 31 December 2008, the assets comprising the non-current assets classified as held for sale were as follows:

	Cost	**Accumulated depreciation**	**Carrying amount**
	US$'000	*US$'000*	*US$'000*
Vessel	11,568	(4,851)	6,717
Furniture, fixtures and equipment	1	(1)	–
	11,569	(4,852)	6,717

28. OTHER PAYABLES AND ACCRUALS

	At 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
THE GROUP			
Payables for drydocking of vessels	3,665	–	–
Other payables	106	898	39
Accrued vessel related expenses	514	1,145	1,021
Accrued staff costs	1,196	367	476
Deposits received	–	–	266
Other accruals	405	359	805
	5,886	2,769	2,607
THE COMPANY			
Accrued staff costs	1,086	308	401
Other accruals	219	200	427
	1,305	508	828

29. BANK BORROWING

	At 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Bank borrowing is secured and repayable:			
Within one year	3,200	3,200	3,600
More than one year but not exceeding two years	3,200	3,600	–
More than two years but not exceeding five years	3,600	–	–
	10,000	6,800	3,600
Less: Amount due within one year shown as current liabilities	(3,200)	(3,200)	(3,600)
Amount due over one year shown under non-current liabilities	6,800	3,600	–
Effective interest rate per annum (%)	5.42	2.28	2.29

The bank loan is denominated in US$, functional currency of a subsidiary.

On 27 October 2008, a bank loan of US$10,000,000 was granted to Zorina Navigation Corp., a subsidiary of the Company, under a loan agreement. The loan was interest bearing at 2% per annum above LIBOR and repayable by 11 consecutive fixed US$800,000 quarterly instalments commencing from 31 January 2009 followed by a final payment of US$1,200,000 in October 2011.

The bank loan is secured by the following:

(i) Corporate guarantee from the Company on the outstanding loan balance.

(ii) First preferred mortgage over the vessel held by Zorina Navigation Corp., named "ZORINA".

(iii) Assignment of insurance in respect of ZORINA.

30. SHARE CAPITAL

	Number of shares of US$0.018 each	**Amount** *US$'000*
Authorised at 1 January 2008, 31 December 2008, 2009 and 2010	10,000,000,000	180,000
Issued and paid up at 1 January 2008, 31 December 2008, 2009 and 2010	1,058,829,308	19,059

There was no movement of share capital during the Track Record Period.

31. SHARE OPTION SCHEME

Under the Share Option Scheme (the "Scheme") for the executive and non-executive directors and employees of the Group, an option may, except in certain special circumstances, be exercised at any time after the first or second anniversary (depending on the exercise price) of the grant of the option. Options granted under the Scheme will have a life span of 10 years, save for those granted to non-employees which shall have a life span of 5 years. The exercise prices of the options may, at the remuneration committee's discretion, set at a price equal or at a discount not exceeding 20 percent to the average trading prices of the shares on the SGX for the five market days immediately preceding the date of grant. No options have been granted during the Track Record Period nor outstanding at the end of the reporting period.

Subsequent to 31 December 2010, a members' resolution was passed on 1 June 2011 to terminate the Scheme.

32. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. Both the Group and employees contribute a fixed percentage to the Mandatory Provident Fund Scheme based on their monthly salary in accordance with government regulations.

For the operations in Republic of China and People's Republic of China ("PRC"), the employees of the Group are members of state-managed retirement benefits scheme operated by the Taiwan and PRC government, respectively. The relevant subsidiaries are required to contribute a specific percentage of the payroll costs to the retirement benefits scheme. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

During the Track Record Period, the total amounts contributed by the Group to the schemes and cost charged to the profit or loss represents contributions payable to the schemes by the Group at rates specified in the rules of the schemes.

33. OPERATING LEASE COMMITMENTS

As lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	At 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Within one year	–	–	43
In the second to fifth year inclusive	–	–	29
	–	–	72

As lessee

At the end of the reporting period, the Group had outstanding commitments under non-cancellable operating leases in respect of the office premises, which fall due as follows:

	Year ended 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Within one year	211	50	26
In the second to fifth year inclusive	49	–	–
	260	50	26

The leases were negotiated for a term ranging from two to three years.

34. CONTINGENT LIABILITIES

As disclosed in note 29, the Company provided corporate guarantee for a subsidiary to obtain a bank loan facility amounting to US$10,000,000 from a bank. At 31 December 2008, 31 December 2009 and 31 December 2010, HK$10,000,000, HK$6,800,000 and HK$3,600,000, respectively, of such bank loan facility were utilized by the subsidiary.

The directors consider that the fair value of the corporate guarantee granted to the bank is insignificant.

35. RELATED PARTY TRANSACTIONS

(a) During the Track Record Period, the Group had the following transactions with related parties.

		Year ended 31 December		
Related party	**Nature of transaction**	**2008**	**2009**	**2010**
		US$'000	*US$'000*	*US$'000*
Way-East Shipping Agency Co., Ltd. (formerly known as Waywiser Marine Shipping Agency Co., Ltd.) ("Way-East") [(1)]	Sales commission paid	67	2	–
周秀曼 ("Ms. Chou") [(2)]	Rental expense paid	–	–	11

(1) Way-East is a company in which Mr. Hsu Chih-Chien, a director of the Company, has a controlling interest. The sales commission was calculated at 0.5% of the total revenue of the transactions arranged by the related company. In the opinion of the directors of the Company, the related party transactions were conducted in accordance with the terms of an agreement entered into between the Group and Way-East. The agreement was terminated in February 2011 and Way-East will not provide any service to the Group afterwards.

(2) Ms. Chou is the spouse of Mr. Chang Shun-Chi, a non-executive director of the Company. In the opinion of the directors of the Company, the monthly rental is negotiated between Ms. Chou and the Group by reference to the market rent and the rental agreement will be expired on 31 December 2011.

(b) Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Group, is disclosed in note 14.

36. INVESTMENTS IN SUBSIDIARIES/AMOUNTS DUE FROM(TO) SUBSIDIARIES

	At 31 December		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Investments costs – unlisted	14,217	14,217	14,217

The amounts due from subsidiaries are unsecured, interest free and are not expected to be repaid within one year. The amounts due to subsidiaries are unsecured, interest free and repayable on demand. The management considers the amounts due from(to) the subsidiaries approximate to fair values.

37. RESERVES

	Share premium	**Retained profits**	**Total**
	US$'000	*US$'000*	*US$'000*
THE COMPANY			
At 1 January 2008	28,027	30,890	58,917
Profit and total comprehensive income for the year	–	36,817	36,817
Dividends	–	(37,991)	(37,991)
At 31 December 2008	28,027	29,716	57,743
Profit and total comprehensive income for the year	–	7,553	7,553
Dividends	–	(7,995)	(7,995)
At 31 December 2009	28,027	29,274	57,301
Profit and total comprehensive income for the year	–	3,897	3,897
Dividends	–	(4,998)	(4,998)
At 31 December 2010	28,027	28,173	56,200

B. DIRECTORS' EMOLUMENTS

Under the arrangement currently in force, the aggregate amount of emoluments of the directors of the Company payable for the year ending 31 December 2011 is estimated to be approximately US$520,000.

C. SUBSEQUENT EVENTS

On 27 April 2011, 11 April 2011 and 1 June 2011, resolutions of the members of the Company were passed to approve the matters set out in the paragraphs headed "Resolutions of the Members passed at the Company's annual general meeting held on 27 April 2011", "Resolutions of the Members passed at the Company's special general meeting held on 11 April 2011" and "Resolutions of the Members passed at the Company's special general meeting held on 1 June 2011", respectively in the section headed "Further information about the Company and its subsidiaries" in Appendix VI to this document. Save as aforesaid, no other significant events took place subsequent to 31 December 2010.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of any companies comprising the Group have been prepared in respect of any period subsequent to 31 December 2010.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

With respect to the unaudited interim financial information for the three months ended 31 March 2011, included in this Listing Document, our Reporting Accountants, Deloitte Touche Tohmatsu,Certified Public Accountants, Hong Kong have reported that they applied limited procedures in accordance with professional standards for a review of such information in accordance with Hong Kong Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". However, their separate review report included in this Listing Document, states that they did not audit and they do not express an audit opinion on that unaudited interim financial information. Accordingly, the degree of reliance on their report on such information should be limited in light of the limited nature of the review procedures applied.

Courage Marine Group Limited (the "Company") has its shares listed on the Singapore Exchange Securities Trading Limited. The Company is required to file quarterly unaudited interim financial information prepared in accordance with International Financial Reporting Standards. The following is the text of the Company's unaudited interim financial information for the three months ended 31 March 2011 prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. This report comprises the unaudited condensed consolidated statement of financial position as at 31 March 2011 and audited condensed consolidated statement of financial position as at 31 December 2010 (as corresponding figures); unaudited condensed consolidated statements of comprehensive income for the three months ended 31 March 2011 and 2010 (as corresponding figures); unaudited condensed consolidated statements of cash flows for the three months ended 31 March 2011 and 2010 (as corresponding figures) and notes to the unaudited interim financial information of the Company and its subsidiaries, prepared in accordance with IAS 34.

Deloitte.
德勤

REPORT ON REVIEW OF UNAUDITED INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF COURAGE MARINE GROUP LIMITED

Introduction

We have reviewed the unaudited interim financial information set out on pages II-3 to II-13 which comprises the condensed consolidated statement of financial position of Courage Marine Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") and condensed statement of financial position of the Company as at 31 March 2011, and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the three-month period then ended 31 March 2011 and certain explanatory notes (hereinafter collectively referred to as the "Interim Financial Information"). The Interim Financial Information has been prepared by the directors of the Company in connection with the listing of shares of the Company on The Stock Exchange of Hong Kong Limited by way of introduction. The directors of the Company are responsible for the preparation and presentation of the Interim Financial Information in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. Our responsibility is to express a conclusion

on the Interim Financial Information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information is not prepared, in all material respects, in accordance with IAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the three-month period ended 31 March 2010 and the relevant explanatory notes disclosed in the Interim Financial Information have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
21 June 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2011

	NOTES	Three months ended 31 March 2011 US$'000 (Unaudited)	2010 US$'000 (Unaudited)
Revenue	3	5,815	12,853
Cost of services		(8,089)	(9,275)
Gross profit (loss)		(2,274)	3,578
Other income	5	71	27
Other gains and losses	6	285	40
Administrative expenses		(664)	(578)
Other expenses	7	(1,087)	–
Finance costs	8	(17)	(35)
(Loss) profit before income tax		(3,686)	3,032
Income tax expense	9	(7)	(7)
(Loss) profit for the period	10	(3,693)	3,025
Other comprehensive income			
Surplus on revaluation of leasehold land and building		517	–
Total comprehensive (expense) income for the period attributable to owners of the Company		(3,176)	3,025
(Loss) earnings per share	11		
Basic		(0.35) US cent	0.29 US cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	NOTES	As at 31 March 2011 US$'000 (Unaudited)	As at 31 December 2010 US$'000 (Audited)
Non-current assets			
Property, plant and equipment	*13*	68,715	70,070
Investment property	*13*	1,992	1,671
Deposit paid for drydocking of vessels		2,000	2,000
Long-term receivables		3,767	3,767
Structured deposit		1,000	1,000
Certificate of deposit		1,074	1,074
		78,548	79,582
Current assets			
Trade receivables	*14*	4,105	1,257
Other receivables, deposits and prepayments		1,437	3,382
Held-for-trading investments		706	742
Tax recoverable		58	58
Pledged bank deposits		7,679	5,674
Bank balances and cash		23,600	29,929
		37,585	41,042
Current liabilities			
Other payables and accruals		2,092	2,607
Bank borrowing	*15*	2,800	3,600
		4,892	6,207
Net current assets		32,693	34,835
Total assets less current liabilities		111,241	114,417
Capital and reserves			
Share capital		19,059	19,059
Reserves		92,182	95,358
		111,241	114,417

CONDENSED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	As at 31 March 2011	As at 31 December 2010
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Non-current assets		
Investments in subsidiaries	14,217	14,217
Amounts due from subsidiaries	60,670	61,492
	74,887	75,709
Current assets		
Prepayments	40	28
Bank balances and cash	210	350
	250	378
Current liability		
Accruals	1,041	828
Net current liabilities	(791)	(450)
	74,096	75,259
Capital and reserves		
Share capital	19,059	19,059
Reserves	55,037	56,200
	74,096	75,259

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2011

	Attributable to owners of the Company				
	Share capital *US$'000*	**Share premium** *US$'000*	**Property revaluation reserve** *US$'000*	**Retained profits** *US$'000*	**Total** *US$'000*
At 1 January 2010 (audited)	19,059	28,027	–	63,153	110,239
Profit for the period and total comprehensive income for the period	–	–	–	3,025	3,025
At 31 March 2010 (unaudited)	19,059	28,027	–	66,178	113,264
At 1 January 2011 (audited)	19,059	28,027	152	67,179	114,417
Loss for the period	–	–	–	(3,693)	(3,693)
Surplus on revaluation of leasehold land and building	–	–	517	–	517
Total comprehensive income (expense) for the period	–	–	517	(3,693)	(3,176)
At 31 March 2011 (unaudited)	19,059	28,027	669	63,486	111,241

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 31 March 2011

	Three months ended 31 March	
	2011	**2010**
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
(Loss) profit before income tax	(3,686)	3,032
(Increase) decrease in trade receivables	(2,848)	528
Others	1,262	1,761
Net cash (used in) from operating activities	(5,272)	5,321
Investing activities		
Purchase of property, plant and equipment	(235)	(8,513)
Proceeds on disposal of property, plant and equipment	2,000	–
Addition of pledged bank deposits	(2,005)	–
Net cash used in investing activities	(240)	(8,513)
Financing activities		
Interest paid	(17)	(35)
Repayment of bank borrowing	(800)	(800)
Cash used in financing activities	(817)	(835)
Net decrease in cash and cash equivalents	(6,329)	(4,027)
Cash and cash equivalents at 1 January	29,929	43,159
Cash and cash equivalents at 31 March, represented by bank balances and cash	23,600	39,132

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months ended 31 March 2011

1. GENERAL AND BASIS OF PREPARATION

The Company was incorporated in Bermuda on 5 April 2005 as an exempted company with limited liability under the Companies Act, 1981 of Bermuda, with its registered office at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. Its principal place of business is at Suite 1801, West Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong. The Company is listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX").

The Company is an investment holding company. The principal activities of its subsidiaries are mainly engaged in provision of marine transportation service and ship management service.

The condensed consolidated financial information is presented in United States Dollars ("US$"), which is the functional currency of the Company.

The condensed consolidated financial information of the Company and its subsidiaries (hereinafter collectively referred as the "Group") has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial information has been prepared on the historical cost basis except for certain financial instruments, leasehold land and building and investment property, which are measured at fair values or revalued amounts, as appropriate. The accounting policies used in the condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010. The condensed consolidated financial information for the three months ended 31 March 2011, which does not include the full disclosures normally included in a complete set of consolidated financial statements, is to be read in conjunction with the last issued consolidated financial statements for the year ended 31 December 2010.

In the current financial period, the Group has adopted all the revised standard and amendments that are effective for the Group's financial year beginning on 1 January 2011. The adoption of these revised standard and amendments has no material effect on the condensed consolidated financial information for the current and prior periods.

New and revised Standards and Interpretations issued but not yet effective

Except as described below, the directors of the Company anticipate that the application of other amendments or interpretation that have been issued but are not yet effective will have no material impact on the results and the financial position of the Group.

International Financial Reporting Standard ("IFRS") 9 "Financial Instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 "Financial Instruments" (as revised in October 2010) adds requirements for financial liabilities and for derecognition.

- Under IFRS 9, all recognised financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The application of the new standard might affect the classification and measurement of the Group's financial assets in the future periods.

3. REVENUE

	Three months ended 31 March	
	2011	**2010**
	US$'000	*US$'000*
Marine transportation service income		
– Voyage charter	5,328	9,941
– Time charter	463	2,822
	5,791	12,763
Ship management income	24	90
	5,815	12,853

4. SEGMENT INFORMATION

IFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the board of directors) in order to allocate resources to segments and to assess their performance.

The Group's operating activities are attributable to a single operating segment focusing on provision of marine transportation service. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies which conform to IFRSs, that are regularly reviewed by the board of directors. The board of directors monitors the revenue of marine transportation service based on the voyage charter and time charter service income of dry bulk carriers of different sizes and their utilization rates for the purpose of making decisions about resource allocation and performance assessment. However, other than revenue analysis, no operating results and other discrete financial information is available for the resource allocation and performance assessment. The results of ship management service activities are insignificant to the Group and were not regularly reviewed by the chief operating decision maker. The board of directors reviews the profit for the period of the Group as a whole for performance assessment. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the board of directors.

The revenue of the dry bulk carriers of different sizes is analysed as follows:

For the three months ended 31 March 2011

	Voyage charter	Time charter	Total
	US$'000	*US$'000*	*US$'000*
Dry bulk carriers			
– Handysize	841	1	842
– Handymax	1,871	–	1,871
– Panamax	2,616	161	2,777
– Capsize	–	301	301
	5,328	463	5,791

For the three months ended 31 March 2010

	Voyage charter	Time charter	Total
	US$'000	*US$'000*	*US$'000*
Dry bulk carriers			
– Handysize	3,737	301	4,038
– Handymax	2,663	766	3,429
– Panamax	3,426	1,755	5,181
– Capsize	115	–	115
	9,941	2,822	12,763

5. OTHER INCOME

	Three months ended 31 March	
	2011	2010
	US$'000	*US$'000*
Rental income	11	–
Interest income from banks	23	17
Interest income from certificate of deposit	11	–
Insurance claims	–	10
Sundry income	26	–
	71	27

6. OTHER GAINS AND LOSSES

	Three months ended 31 March	
	2011	**2010**
	US$'000	*US$'000*
Change in fair value of investment property	321	–
Change in fair value of held-for-trading investments	(36)	–
Exchange gain, net	–	40
	285	40

7. OTHER EXPENSES

The amount represents professional fees and other expenses related to the listing by way of introduction on the Main Board of The Stock Exchange of Hong Kong Limited of the entire issued share capital of the Company presently listed on the SGX and no new shares will be issued by the Company. Such costs are recognised as an expense when incurred.

8. FINANCE COSTS

They represented the interests on bank borrowing wholly repayable within five years.

9. INCOME TAX EXPENSE

	Three months ended 31 March	
	2011	**2010**
	US$'000	*US$'000*
Current tax:		
People's Republic of China ("PRC") income tax	2	–
Republic of China income tax	5	7
	7	7

No Hong Kong Profits Tax has been made as there is no assessable profit derived in Hong Kong for both periods.

PRC income tax is calculated at 25% of the assessable profit of a representative office in Shanghai, PRC for both periods.

Income tax in Republic of China is calculated at 25% of the assessable profit of a subsidiary for both periods.

In the opinion of the directors of the Company, there is no taxation arising in other jurisdictions.

No deferred tax has been provided as the Group did not have any significant temporary difference during both periods and at the end of each reporting period.

10. (LOSS) PROFIT FOR THE PERIOD

	Three months ended 31 March	
	2011	**2010**
	US$'000	*US$'000*
(Loss) profit for the period has been arrived at after charging:		
Marine crew expenses	1,156	970
Minimum lease payments under operating leases	36	56
Depreciation of property, plant and equipment	2,107	2,342
Staff costs (including directors' emoluments)		
– Salaries and other benefits	222	234
– Contributions to retirement benefits scheme	8	5
	230	239

11. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share attributable to owners of the Company during both periods is based on the following data:

	Three months ended 31 March	
	2011	**2010**
	US$'000	*US$'000*
(Loss) profit for the period attributable to owners of the Company	(3,693)	3,025
	'000	*'000*
Number of shares	1,058,829	1,058,829

No diluted (loss) earnings per share were presented for both periods as there were no potential ordinary shares outstanding during both periods and at the end of each reporting period.

12. DIVIDENDS

No dividend was paid during the three months ended 31 March 2011.

On 18 February 2011, the directors proposed a final dividend of 0.71 US cent per ordinary share to be paid in respect of the financial year ended 31 December 2010. The total estimated dividend to be paid is approximately US$7,518,000. The amount has not been included as a liability in the condensed consolidated financial information as at 31 March 2011 as it was approved by shareholders at the annual general meeting held on 27 April 2011, which is after the end of the reporting period.

13. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the period, the Group spent US$235,000 (1.1.2010 to 31.3.2010: US$8,513,000) on additions to vessels and furniture, fixtures and equipment.

The Group's leasehold land and building was revalued by the independent professional valuers at 31 March 2011. The resulting revaluation surplus of US$517,000 has been credited to the property revaluation reserve during the three months ended 31 March 2011 (1.1.2010 to 31.3.2010: nil).

The Group's investment property was fair valued by the independent professional valuers at 31 March 2011. The resulting increase in fair value of investment property of US$321,000 has been recognised directly in profit or loss for the three months ended 31 March 2011 (1.1.2010 to 31.3.2010: nil).

14. TRADE RECEIVABLES

The credit period granted by the Group to certain customers of voyage charter is within 2 weeks after the receipt of invoices while other customers are requested to prepay the charter-hire income in full before discharging for voyage charter. Customers of time charter are requested to prepay the charter-hire income for time charter. An aged analysis of the Group's trade receivables based on invoice date at the end of the reporting period is as follows:

	Three months ended 31 March	
	2011	**2010**
	US$'000	*US$'000*
0 – 30 days	1,593	1,257
31 – 60 days	1,134	–
61 – 90 days	1,378	–
	4,105	1,257

15. BANK BORROWING

During the period, the Group repaid a bank loan of US$800,000 (2010: US$800,000). The bank loan will be fully repaid in October 2011.

16. RELATED PARTY TRANSACTIONS

During the period, the Group has paid rental expense of US$7,000 (1.1.2010 to 31.3.2010: nil) to 周秀曼, who is the spouse of Mr. Chang Shun-Chi, a non-executive director of the Company.

During the period, the Group has paid US$57,000 (1.1.2010 to 31.3.2010: US$81,000) short-term benefits to the key management personal of the Group.

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospects received from RHL Appraisal Ltd., an independent valuer, in connection with its valuation as at 31 March 2011 of the property interests held, leased or intended to be acquired by Courage Marine Group Limited and its subsidiaries.

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Tsimshatsui, Hong Kong

Licence No: C-015672

21 June 2011

The Board of Directors
Courage Marine Group Limited
Suite 1801, West Tower Shun Tak Centre,
200 Connaught Road Central,
Hong Kong

Dear Sirs,

INSTRUCTIONS

We were instructed by Courage Marine Group Limited (referred to as the "Company") and its subsidiaries (hereinafter together referred to as the "Group") to value the property interests held or intended to be acquired by the Group located in Hong Kong and the People's Republic of China (the "PRC"). We confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 31 March 2011 (the "Valuation Date").

This letter which forms part of our valuation report explains the basis and methodologies of valuation, clarifying assumptions, valuation considerations, title investigation and limiting conditions of this valuation.

BASIS OF VALUATION

Our valuation of each of the property interests is our opinion of its market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property interest is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

VALUATION METHODOLOGY

We have valued the property interests in Groups I, II and III, which are held by the Group for occupation and investment in Hong Kong and intended to be acquired by the Group in the PRC, by using the Direct Comparison Approach by making reference to the comparable market transactions as available and where appropriate, on the basis of capitalization of the net income shown on the documents handed to us. We have allowed for outgoings and, in appropriate case, made provisions for reversionary income potential.

In valuing the property interests in Groups IV and V, which are leased by the Group in Republic of China and the PRC, we have attributed no commercial value to the property interests due to inclusion of non-alienation clause or otherwise due to lack of substantial profit rent or short term nature as at the Valuation Date.

VALUATION CONSIDERATIONS

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors effective from 1 January 2005.

VALUATION ASSUMPTIONS

In undertaking our valuation, we have assumed that, unless otherwise stated, transferable land use rights in respect of the properties interests for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have also assumed that the owners of the property interests have enforceable titles to the properties and have free and uninterrupted rights to use, occupy or assign the property interests for the whole of the respective unexpired terms as granted.

TITLE INVESTIGATION

We have been shown copies of various documents relating to the property interests. We have also caused searches to be made at the Hong Kong Land Registry in respect of Hong Kong property and made relevant enquiries. We have not examined the original documents to verify the existing title to the property interests or any amendment which does not appear on the copies handed to us. We have relied considerably on the information given by the Group and the Company's PRC legal adviser, Tian Yuan Law Firm, concerning the validity of the Group's title to the property interests.

LIMITING CONDITIONS

We have inspected the exterior and, wherever possible, the interior of the properties. During the course of our inspection, we did not note any serious defects. However, no structural survey has been made. In the course of our inspection, we did not notice any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No test was carried out on any of the services. Our valuation has been made on the basis that there is no substantial change in the physical conditions of the properties between the Valuation Date and the date of our inspection.

We have not carried out detailed on-site measurement to verify the correctness of the site areas in respect of the property interests but have assumed that the site areas shown on the documents handed to us are correct. All dimensions, measurements and areas are approximate. No on-site measurement has been taken.

We have relied to a considerable extent on information provided by the Group and accepted advices given to us on such matters, in particular, but not limited to tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the properties.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material fact has been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

EXCHANGE RATE

We have valued the property interests in United States Dollar (US$). The conversion of Renminbi (RMB) into US$ and Hong Kong Dollar (HK$) are based on the factors of RMB1 to US$0.1530 and HK$1 to US$0.1285 respectively with reference to the prevailing exchange rates on the Valuation Date.

Our summary of values and valuation certificates are herewith attached.

Yours faithfully,
For and on behalf of
RHL Appraisal Ltd.

Serena S. W. Lau
FHKIS, AAPI, MRICS, RPS(GP), MBA(HKU)
Managing Director

Leo S. D. Cheung
MHKIS, MRICS, RPS(GP), MFin, MSc, BSc
Director

Ms. Serena S. W. Lau is a Registered Professional Surveyor (GP) with over 19 years' experience in valuation of properties in HKSAR, Macau SAR, mainland China and the Asia Pacific Region. Ms. Lau is a Professional Member of The Royal Institution of Chartered Surveyors, an Associate of Australian Property Institute, a Fellow of The Hong Kong Institute of Surveyors as well as a registered real estate appraiser in the PRC.

Mr. Leo S. D. Cheung is a Registered Professional Surveyor (GP) with over 15 years' experience in valuation of properties in HKSAR, Macau SAR, mainland China and the Asia Pacific Region. Mr. Cheung is a Professional Member of The Royal Institution of Chartered Surveyors and a Member of The Hong Kong Institute of Surveyors.

SUMMARY OF VALUES

Group I – Property interest held by the Group for occupation in Hong Kong

	Property	Market Value in existing state as at 31 March 2011 *US$*
1	Unit No.1801 (exclusive of the leased portion) on 18th Floor of West Tower Shun Tak Centre Nos. 168-200 Connaught Road Central Hong Kong	3,059,000
	Sub-total:	3,059,000

Group II – Property interest held by the Group for investment in Hong Kong

	Property	Market Value in existing state as at 31 March 2011 *US$*
2	Leased portion of Unit No.1801 on 18th Floor of West Tower Shun Tak Centre Nos. 168-200 Connaught Road Central Hong Kong	1,992,000
	Sub-total:	1,992,000

Group III – Property interest intended to be acquired by the Group in the PRC

	Property	Market Value in existing state as at 31 March 2011 *US$*
3	An Industrial Complex located at East Side of Huaqing Road Qingpu Industrial Park Qingpu District Shanghai the PRC	11,138,000
	Sub-total:	11,138,000

Group IV – Property interest leased by the Group in Republic of China

	Property	Market Value in existing state as at 31 March 2011 *US$*
4	Unit B, 5th Floor, Transworld Commercial Center, No.2, Section 2 of Nanking East Road, Taipei, Republic of China	No commercial value
	Sub-total:	Nil.

Group V – Property interest leased by the Group in the PRC

	Property	Market Value in existing state as at 31 March 2011 *US$*
5	Room 1, Unit 19D, No.137, Xianxia Road, Changning District, Shanghai, the PRC	No commercial value
	Sub-total:	Nil.
	Total:	**16,189,000**

VALUATION CERTIFICATE

Group I – Property interest by the Group for occupation in Hong Kong

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2011 *US$*
1. Unit No.1801 (exclusive of the leased portion) on 18th Floor of West Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong	The property comprises an office unit with a gross floor area of approximately 143.00 sq.m (1,539 sq.ft.) on 18th floor of a 30-storey office building completed in about 1986. The property is held under a New Grant for a term of 75 years commencing from 31 December 1980 with a renewal of a further 75 years.	The property is currently occupied by the Group for office uses.	3,059,000

Notes:

1. The registered owner of the property is Courage Marine Property Investment Limited, a wholly-owned subsidiary of the Company.

2. The property is subject to Deed of Mutual Covenant dated 4 March 1986 vide memorial no. UB3018018.

VALUATION CERTIFICATE

Group II – Property interest held by the Group for investment in Hong Kong

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2011 *US$*
2. Leased portion of Unit No.1801 on 18th Floor of West Tower, Shun Tak Centre, Nos. 168-200 Connaught Road, Central, Hong Kong	The property comprises an office unit with a gross floor area of approximately 92.90 sq.m. (1,000 sq.ft.) on 18th floor of a 30-storey office building completed in about 1986. The property is held under a New Grant for a term of 75 years commencing from 31 December 1980 with a renewal of a further 75 years.	The property is currently subject to a tenancy agreement for a term commencing from 1 September 2010 and expiring on 30 August 2013 at a monthly rental of HK$28,000.	1,992,000

Notes:

1. The registered owner of the property is Courage Marine Property Investment Limited, a wholly-owned subsidiary of the Company.

2. The property is subject to Deed of Mutual Covenant dated 4 March 1986 vide memorial no. UB3018018.

3. Pursuant to a Tenancy Agreement entered into between Courage Marine Property Investment Limited (the "Landlord") and First U.S. Capital Limited (the "Tenant"), the property with a gross floor area of approximately 92.90 sq.m. is leased to the Tenant for a term commencing on 1 September 2010 and expiring on 30 August 2013 at a monthly rental of HK$28,000, inclusive of government rents and rates.

VALUATION CERTIFICATE

Group III – Property interest to be acquired by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2011 *US$*
3. An Industrial Complex located at East Side, Huaqing Road, Qingpu Industrial Park, Qingpu District, Shanghai, the PRC	The property comprises an industrial complex with a total gross floor area of approximately 17,877.00 sq.m. (192,428 sq.ft.) erected on a parcel of land with a site area of approximately 9,213.16 sq.m (99,170 sq.ft.) completed in 2011. The land use rights of the property were granted for a term of 50 years commencing from 15 June 2007 and expiring on 14 June 2057 for industrial uses.	The property is vacant.	11,138,000

Notes:

1. Pursuant to a Real Estate Title Certificate – Hu Fang Di Qing Zi (2008) Di No. 010072 issued by Shanghai Housing and Land Resources Administrative Bureau dated 10 October 2008, the land use rights of the property with a site area of approximately 9,213.00 sq.m were granted to Shanghai Yuejia Metal Industrial Company Limited (上海悦嘉金屬工業有限公司) ("Shanghai Yuejia") for a term of 50 years commencing from 15 June 2007 and expiring on 14 June 2057 for industrial uses.

2. We have been provided with a legal opinion on the legality regarding to the property interest issued by the Group's PRC legal advisors, which contains, inter alia, the following:

   i) the land use rights of the property is legally held by Shanghai Yuejia;

   ii) the land grant premium of the property has been settled in full;

   iii) there is no legal impediment for Shanghai Yuejia to obtain Real Estate Title Certificate for the building ownership of the property;

   iv) Shanghai Yuejia is entitled to transfer, lease, mortgage or dispose of the property freely in the market under the PRC laws; and

   v) the property is free from any mortgages or third parties' encumbrances.

VALUATION CERTIFICATE

Group IV – Property interest leased by the Group in Republic of China

Property	Description and Tenancy Details	Particulars of occupancy	Market value in existing state as at 31 March 2011 *US$*
4. Unit B, Portions of 5th Floor, Transworld Commercial Center, No.2, Section 2 of Nanking East Road, Taipei, Republic of China	The property comprises an office unit with a gross floor area of approximately 163.69 sq.m. (1,762 sq.ft.) on 5th floor of 15-storey commercial building completed in around 1986. The property is leased to the Group from Cathay Life Insurance Co., Ltd. (國泰人壽保險股份有限公司), an independent third party, for a term commencing from 1 January 2011 and expiring on 30 June 2011 at a monthly rental of NT$261,904.	The property is currently rented by the Group for office uses.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement entered into between Cathay Life Insurance Co., Ltd (the "Landlord") and 勇利新友船務代理有限公司 (the "Tenant"), the property with a gross floor area of approximately 163.69 sq.m. is leased to the Tenant for a term commencing from 1 January 2011 and expiring on 30 June 2011 at a monthly rental of NT$261,904.

VALUATION CERTIFICATE

Group V – Property interest rented by the Group in the PRC

Property	Description and Tenancy Details	Particulars of occupancy	Market value in existing state as at 31 March 2011 *US$*
5. Room 1, Unit 19D, No.137, Xianxia Road, Changning District, Shanghai, the PRC	The property comprises an office unit with a gross floor area of approximately 120.00 sq.m. (1,292 sq.ft.) on 19th floor of a 23-storey commercial building completed in about 2004. The property is leased to the Group from Chou Hsiu-Ma (周秀曼), a connected party, for a term of 1 year commencing from 1 January 2010 and expiring on 31 December 2011 at a monthly rental of RMB5,868 plus US$1,338.5.	The property is currently rented by the Group for office uses.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement entered into between Chou Hsiu-Ma (周秀曼) (the "Landlord") and Shanghai Branch of Hong Kong Courage Marine Holding Limited (香港勇利航業(控股)有限公司上海代表處) (the "Tenant"), the property with a gross floor area of approximately 120.00 sq.m. is leased to the Tenant for a term commencing from 1 January 2010 and expiring on 31 December 2011 at a monthly rental of RMB5,868 plus US$1,338.5.

2. We have been provided with a legal opinion on the legality regarding to the property interest issued by the Group's PRC legal advisors, which contains, inter alia, the following:

   (i) the property is legally held by the Landlord;

   (ii) the Landlord has the legal rights to lease the property to the Tenant;

   (iii) the tenancy agreement is valid and enforceable under the PRC's Laws; and

   (iv) the tenancy agreement has not been registered but this will not affect the validity of the tenancy agreement.

SUMMARY OF THE CONSTITUTION OF THE COMPANY AND BERMUDA COMPANY LAW

Set out below is a summary of certain provisions of the Memorandum of Association and Bye-laws and of certain aspects of Bermuda company law.

1. MEMORANDUM OF ASSOCIATION

The Memorandum of Association states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the Company is an exempted company as defined in the Bermuda Companies Act. Paragraph 6 of the Memorandum of Association sets out the objects for which the Company was formed and the Company's powers are set out in paragraph 7. As an exempted company, the Company will be carrying on business outside Bermuda from a place of business within Bermuda.

In accordance with and subject to section 42A of the Bermuda Companies Act, the Memorandum of Association empowers the Company to purchase its own shares and pursuant to its Bye-laws, this power is exercisable by the board of Directors (the "board") upon such terms and subject to such conditions as it thinks fit.

2. BYE-LAWS

The Bye-laws referred to and disclosed in this document refer to the set of Bye-laws approved by our Members at the special general meeting held on 1 June 2011. Such Bye-laws shall be effective upon Listing. The following is a summary of certain provisions of the Bye-laws:

(a) Directors

(i) Power to allot and issue shares and warrants

Subject to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine or, if there has not been any such determination or so far as the same shall not make specific provision, as the board may determine. Subject to the Bermuda Companies Act, the Bye-laws and to any special rights conferred on the holders of any shares or attaching to any class of shares, any preference shares may be issued or converted into shares that, at a determinable date or at the option of the Company or the holder if so authorised by the Memorandum of Association, are liable to be redeemed on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution determine. The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine, Provided that such issue must be specifically approved by the Company in general meeting if required by the rules or regulations of the Designated Stock Exchange.

Subject to the provisions of the Bermuda Companies Act, no shares may be issued by the board without the prior approval of the Company in general meeting but subject thereto and to the Bye-laws and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, the unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the board may in its absolute discretion determine, but so that no shares shall be issued at a discount, provided always that: (a) no shares shall be issued to transfer a controlling interest in the Company without the prior approval of the members in general meeting; (b) (subject to any direction to the contrary that may be given by the Company in general meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them; and (c) any other issue of shares, the aggregate of which would exceed the limits referred to in the relevant Bye-law, shall be subject to the approval of the Company in general meeting.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

Except as permitted under the rules or regulations of the Designated Stock Exchange (as defined in the Bye-laws) or any direction given by the Company in general meeting, all new shares shall before issue be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as far as the circumstances admit, to the amount of the existing shares to which they are entitled.

Notwithstanding the provision above but subject to the Statutes (as defined in the Bye-laws) and the rules and regulations of the Designated Stock Exchange (if applicable), the Company in general meeting may by ordinary resolution grant to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the said ordinary resolution (including but not limited to the aggregate number of shares which may be issued and the duration of the general authority), to issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; Provided that unless otherwise specified in the ordinary resolution or required by any applicable rules or regulations of the Designated Stock Exchange, such general authority will continue (notwithstanding the authority conferred by the said ordinary resolution may have ceased to be in force) in relation to the issue of shares pursuant to any Instrument made or granted by the Directors while the said ordinary resolution was in force.

(ii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Bye-laws relating to the disposal of the assets of the Company or any of its subsidiaries.

Note: The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Bye-laws or the Bermuda Companies Act to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are no provisions in the Bye-laws relating to the making of loans to Directors. However, the Bermuda Companies Act contains restrictions on companies making loans or providing security for loans to their directors, the relevant provisions of which are summarised in the paragraph headed "Bermuda company law" in this Appendix.

(v) Financial assistance to purchase shares of the Company

Neither the Company nor any of its subsidiaries shall give, whether directly or indirectly, whether by means of loan, guarantee, provision of security or otherwise, any financial assistance for the purpose of the acquisition or proposed acquisition by any person of any shares in the Company, but nothing in the Bye-laws shall prohibit transactions permitted under Bermuda Companies Act.

(vi) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of auditor of the Company) in conjunction with his office of Director for such period and, subject to the Bermuda Companies Act, upon such terms as the board may determine, and may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Bye-law. A Director may be or become a director or other officer of, or a member of, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Bye-laws, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Bermuda Companies Act and to the Bye-laws, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall disclose the nature of his interest in any contract or arrangement in which he is interested in accordance with the Bye-laws. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote on any resolution of the board in respect of any contract or arrangement or proposed contract or arrangement in which he or any of his associates has directly or indirectly a personal material interest. Matters in which he or his associate(s) shall not be considered to have a personal material interest shall include the following:

(aa) any contract or arrangement for the giving to such Director or any of his associate(s) any security or indemnity in respect of money lent by him or any of them or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his associate(s) has himself or themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement in which he or any of his associate(s) is or are interested in the same manner as other holders of shares or debentures or other securities of the Company or any of its subsidiaries by virtue only of his or their interest in shares or debentures or other securities of the Company;

(dd) any contract or arrangement concerning any other company in which he or his associate(s) is or are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director or his associate(s) is or are beneficially interested in shares of that company other than a company in which the Director together with any of his associates (as defined by the rules or regulations, where applicable, of the Designated Stock Exchange) is beneficially interested in (other than through his interest (if any) in the Company) five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or any third company through which his interest is derived); or

(ee) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is or are or is to be interested or are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(ff) any proposal concerning the adoption, modification or operation of a share option or incentive scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates to the director or his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director or his associate(s) as such any privilege or advantage not accorded to the employees to which such scheme or fund relates.

(vii) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, shall not be increased except pursuant to an ordinary resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the general meeting, and shall (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by them in attending any board meetings, board committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Bye-law.

A Director appointed to be a managing director or a person holding an equivalent position, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director, but he shall not in any circumstances be remunerated by a commission on or a percentage of turnover.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependants or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependants are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(viii) Retirement, appointment and removal

Each Director shall retire at least once every three (3) years. A retiring Director shall be eligible for re-election.

Note: There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or, where a maximum number of Directors has been determined by the members and the members have authorised the board to appoint additional Directors, as an additional Director. Any Director appointed by the board shall retire at the next annual general meeting of the Company and shall then be eligible for re-election at that meeting. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) provided that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention to do so and be served on such Director 14 days before the meeting and, at such meeting, such Director shall be entitled to be heard on the motion for his removal. The Company may from time to time by ordinary resolution determine the maximum number of directors and increase or reduce the number of Directors but the number of Directors shall never be less than two.

The board may from time to time appoint one or more of its body to be managing director or a person holding an equivalent position, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period (subject to their continuance as Directors) and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any directions that may from time to time be imposed upon it by the board.

(ix) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Bermuda Companies Act, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Bye-laws in general, can be varied with the sanction of a special resolution of the Company.

(b) Alterations to constitutional documents

The Bye-laws may be rescinded, altered or amended by the Directors with the prior written approval of the Designated Stock Exchange (as defined in the Bye-laws) (if required by the rules of the Designated Stock Exchange) and subject to the confirmation of the Company in general meeting. The Bye-laws state that a special resolution shall be required to alter the provisions of the Memorandum of Association, to confirm any such rescission, alteration or amendment to the Bye-laws or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Bermuda Companies Act:

(i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, qualified or special rights, conditions or such restrictions as the directors may determine;

(iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association;

(v) change the currency denomination of its share capital;

(vi) make provision for the issue and allotment of shares which do not carry any voting rights; and

(vii) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may, by special resolution, subject to any confirmation or consent required by law, reduce its authorised or issued share capital or any share premium account or other undistributable reserve in any manner permitted by law.

(d) Variation of rights of existing shares or classes of shares

Whenever the share capital of the Company is divided into different classes of shares, subject to the provisions of the Statutes (as defined in the Bye-laws), preference capital other than redeemable preference capital may be repaid and the special rights attached to any class may be varied or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of the shares holding three-fourths of the voting rights of that class (but not otherwise) and may be so repaid, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate general meeting and all adjournments thereof all the provisions of the Bye-laws relating to general meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum (other than at an adjourned meeting) shall be two persons at least holding or representing by proxy at least one-third in voting rights of that class and at any adjourned meeting, two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him.

(e) Special resolution-majority required

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy. A general meeting at which a special resolution is to be considered may be called by notice of not less than 21 clear days and not less than ten (10) clear business days.

(f) Voting rights (generally and on a poll) and rights to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Bye-laws, at any general meeting (i) on a show of hands every member present in person (or being a corporation, is present by a representative duly authorised under section 78 of the Bermuda Companies Act), or by proxy shall have one vote and the chairman of the meeting shall determine which proxy shall be entitled to vote where a member (other than a member which is the Depository (as defined in the Bye-laws) or a clearing house (or its nominee(s)), is represented by two proxies, and (ii) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder or which he represents and in respect of which all calls due to the Company have been paid, but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. In the event that a member participates in a general meeting by telephone or electronic means or other communication facilities, the chairman of the meeting shall direct the manner in which such member may cast his vote on a show of hands or by poll, as the case may be. Notwithstanding anything contained in the Bye-laws, where more than one proxy is appointed by a member which is the Depository (as defined in the Bye-laws) or a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands of by poll.

A resolution put to the vote of a general meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the Designated Stock Exchange (as defined in the Bye-laws) or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

(a) by the chairman of such meeting; or

(b) by at least three members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or

(c) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or

(d) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or

(e) where the Depository (as defined in the Bye-laws) is a member, by at least three proxies representing the Depository (as defined in the Bye-laws).

Where a member is the Depository (as defined in the Bye-laws) or a clearing house (or its nominee(s)), the Depository or a clearing house (or its nominee(s)) (as the case may be) may appoint more than two proxies to attend and vote at the same general meeting and each proxy shall be entitled to exercise the same powers on behalf of the Depository or a clearing house (or its nominee(s)) (as the case may be) as the Depository or a clearing house (or its nominee(s)) (as the case may be) could exercise, including the right to vote individually on a show of hands.

Unless the Depository or a clearing house (or its nominee(s)) (as the case may be) specifies otherwise in a written notice to the Company, the Depository or a clearing house (or its nominee(s)) (as the case may be) shall be deemed to have appointed as the proxies of the Depository or a clearing house (or its nominee(s)) (as the case may be) to vote on behalf of the Depository or a clearing house (or its nominee(s)) (as the case may be) at a general meeting of the Company each of the Depositors who are individuals and whose names are shown in the records of the Depository or a clearing house (or its nominee(s)) (as the case may be) as at a time not earlier than forty-eight (48) hours prior to the time of the relevant general meeting supplied by the Depository or a clearing house (or its nominee(s)) (as the case may be) to the Company and notwithstanding any other provisions in the Bye-laws, the appointment of proxies by virtue of the Bye-laws shall not require an instrument of proxy or the lodgment of any instrument of proxy.

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Bye-laws), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year other than the year in which its statutory meeting is convened at such time (within a period of not more than 15 months after the holding of the last preceding annual general meeting unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Bye-laws)) and place as may be determined by the board.

(h) Accounts and audit

The board shall cause to be kept proper records of account with respect to all sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place; all sales and purchases of goods by the Company; the assets and liabilities of the Company; and all other matters required by the Bermuda Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The records of account shall be kept at the registered office or, subject to the Bermuda Companies Act, at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting.

Subject to the Bermuda Companies Act, a printed copy of the Directors' report, accompanied by the balance sheet and profit and loss account, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the auditors' report, shall be sent to each person entitled thereto at least 21 days before the date of the general meeting and at the same time as the notice of annual general meeting and laid before the Company in general meeting in accordance with the requirements of the Bermuda Companies Act provided that this provision shall not require a copy of those documents to be sent to any person whose address the Company is not aware or to more than one of the joint holders of any shares or debentures; however, to the extent permitted by and subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Bye-laws), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Subject to the Bermuda Companies Act, at each annual general meeting or at a subsequent special general meeting in each year, the members shall appoint an auditor to hold office until the close of the next annual general meeting, and if an appointment is not so made, the auditor shall continue in office until a successor is appointed. Such auditor may be a member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company. The remuneration of the auditor shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than Bermuda. If the auditing standards of a country or jurisdiction other than Bermuda are used, the financial statements and the report of the auditor should disclose this fact and name such country and jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any special general meeting at which the passing of a special resolution is to be considered shall be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear business days. All other special general meeting shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such.

(j) Transfer of shares

Subject to the Bye-laws, any member may transfer all or any of his shares by an instrument of transfer in the form acceptable to the board provided always that the Company shall accept for registration an instrument of transfer in a form approved by the Designated Stock Exchange (as defined in the Bye-laws).

The instrument of transfer of any share shall be signed by or on behalf of the transferor and the transferee and be witnessed, provided always that an instrument of transfer in respect of which the transferee is the Depository (as defined in the Bye-laws) shall be effective although not signed or witnessed by or on behalf of the Depository (as defined in the Bye-laws) and provided further that when a corporation executes an instrument of transfer under seal, the affixation and attestation of the corporation's seal may be accepted as compliance with the requirements of the relevant Bye-law. The board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees (which agreement may be on such terms and subject to such conditions as the board in its absolute discretion may from time to time determine, and which agreement the board shall, without giving any reason therefor, be entitled in its absolute discretion to give or withhold), no shares upon the principal register shall be transferred to any branch register nor shall shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in Bermuda or such other place in Bermuda at which the principal register is kept in accordance with the Bermuda Companies Act.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders (except in the case of a transfer to executors, administrators or trustees of the estate of a deceased member) or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such sum (not exceeding two Singapore dollars (S$2) (or the equivalent Hong Kong dollars)) or such other maximum sum as any Designated Stock Exchange (as defined in the Bye-laws) may determine to be payable as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in an appointed newspaper and in accordance with the requirements of any Designated Stock Exchange (as defined in the Bye-laws), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole 30 days in any year.

(k) Power for the Company to purchase its own shares

The Bye-laws supplement the Company's Memorandum of Association (which gives the Company the power to purchase its own shares) by providing that the power is exercisable by the board in accordance with and subject to the Bermuda Companies Act, the Memorandum of Association and, for so long as the shares of the Company are listed on the Designated Stock Exchange (as defined in the Bye-laws), the prior approval of the members in general meeting.

(l) Power for any subsidiary of the Company to own shares in the Company

There are no provisions in the Bye-laws relating to ownership of shares in the Company by a subsidiary.

(m) Dividends and other methods of distribution

The board may, subject to the Bye-laws and in accordance with the Bermuda Companies Act, declare a dividend in any currency to be paid to the members and such dividend may be paid in cash or wholly or partly in specie in which case the board may fix the value for distribution in specie of any assets. The board may declare and make such other distributions (in cash or in specie) to the members as may be lawfully made out of the assets of the Company. The Company in general meeting may also, subject to the Bye-laws and in accordance with the Bermuda Companies Act, declare a dividend or such other distribution to be paid to the members but no dividend or distribution shall be declared by the Company in general meeting in excess of the amount recommended by the board. No dividend shall be paid or distribution made if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall be treated for this purpose as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other moneys payable to a member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Subject to the rules or regulations of the Designated Stock Exchange, the board shall have full power to make such provisions as it thinks fit for the implementation of a scheme which enables the members to elect to receive securities in lieu of cash amount of any dividend, and the board may do all acts and things considered necessary or expedient to give effect to such a scheme.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

(n) Proxies

Any member entitled to attend and vote at a meeting of the Company who is the holder of two or more shares shall be entitled to appoint not more than two proxies to attend and vote instead of him at the same general meeting provided that if the member is the Depository (as defined in the Bye-laws) or a clearing house (or its nominee(s)), the Depository (as defined in the Bye-laws) or clearing house (or its nominee(s)) (as the case may be) may appoint more than two proxies to attend and vote at the same general meeting and each proxy shall be entitled to exercise the same powers on behalf of the Depository (as defined in the Bye-laws) or the clearing house (or its nominee(s)) (as the case may be) as the Depository (as defined in the Bye-laws) or the clearing house (or its nominee(s)) (as the case may be) could exercise including the right to vote individually on a show of hands. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise including the right to vote individually on a show of hands.

(o) Call on shares and forfeiture of shares

Subject to the Bye-laws and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by instalments. If the sum payable in respect of any call or instalment is not paid before or on the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20 per cent. per annum as the board may determine, but the board may in its discretion waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the moneys uncalled and unpaid or instalments payable upon any shares held by him, and upon all or any of the moneys so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than 14 clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that if the said notice is not complied with, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect.

Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share but not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but nevertheless shall remain liable to pay to the Company all moneys which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares, with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20 per cent. per annum as the board determines.

(p) Inspection of register of members

The register and branch register of members shall be open to inspection between 10:00 a.m. and 12:00 noon on every business day by members of the public without charge at the registered office or such other place in Bermuda at which the register is kept in accordance with the Bermuda Companies Act or, at the Registration Office (as defined in the Bye-laws) or at the office of a share transfer agent of the Company, unless the register is closed in accordance with the Bermuda Companies Act.

(q) Quorum for meetings and separate class meetings

For all purposes the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation (other than the Depository (as defined in the Bye-laws), by its duly authorised representative) or by proxy. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of that class.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Bye-laws relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Bermuda law, as summarised in paragraph 4(e) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Bermuda Companies Act, divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of properties of one kind or shall consist of properties to be divided as aforesaid of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator with the like authority shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

The Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares in respect of them sent during a period of 12 years (as described in the Bye-laws) have remained uncashed; (ii) upon the expiry of the 12-year period, the Company has not during that time received any indication of the existence of the member or any other person entitled thereto; and (iii) the Company, if so required by the rules of the Designated Stock Exchange (as defined in the Bye-laws), has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Bye-laws) giving notice of its intention to sell such shares and a period of three months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Bye-laws), has elapsed since such advertisement. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Other provision

The Bye-laws provide that the Company is required to maintain at its registered office a register of directors and officers in accordance with the provisions of the Bermuda Companies Act and such register is open to inspection by members of the public without charge between 10:00 a.m. and 12:00 noon on every business day.

3. VARIATION OF MEMORANDUM OF ASSOCIATION AND BYE-LAWS

The Memorandum of Association may be altered by the Company in general meeting. The Bye-laws may be amended by the Directors with the prior written approval of the Designated Stock Exchange (as defined in the Bye-laws) (if required by the rules of the Designated Stock Exchange) subject to the confirmation of the Company in general meeting. The Bye-laws state that a special resolution shall be required to alter the provisions of the Memorandum of Association or to confirm any amendment to the Bye-laws or to change the name of the Company. For these purposes, a resolution is a special resolution if it has been passed by a majority of not less than three-fourths of the votes cast by such members of the Company as, being entitled to do so, vote in person or, in the case of such members being corporations, by their respective duly authorised representatives or, where proxies are allowed, by proxy. A general meeting at which a special resolution is to be considered may be called by notice of not less than 21 clear day and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution has been duly given. Except in the case of an annual general meeting, the requirement of 21 clear days' notice may be waived by a majority in number of the members having the right to attend and vote at the relevant meeting, being a majority together holding not less than 95 percent in nominal value of the shares giving that right.

4. BERMUDA COMPANY LAW

The Company is incorporated in Bermuda and, therefore, operates subject to Bermuda law. Set out below is a summary of certain provisions of Bermuda company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Bermuda company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Share capital

The Bermuda Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account", to which the provisions of the Bermuda Companies Act relating to a reduction of share capital of a company shall apply as if the share premium account were paid up share capital of the company except that the share premium account may be applied by the company:

(i) in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares;

(ii) in writing off:

(aa) the preliminary expenses of the company; or

(bb) the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; or

(iii) in providing for the premiums payable on redemption of any shares or of any debentures of the company.

In the case of an exchange of shares the excess value of the shares acquired over the nominal value of the shares being issued may be credited to a contributed surplus account of the issuing company.

The Bermuda Companies Act permits a company to issue preference shares and subject to the conditions stipulated therein to convert those preference shares into redeemable preference shares.

The Bermuda Companies Act includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. Where provision is made by the memorandum of association or bye laws for authorising the variation of rights attached to any class of shares in the company, the consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required, and where no provision for varying such rights is made in the memorandum of association or bye laws and nothing therein precludes a variation of such rights, the written consent of the holders of three fourths of the issued shares of that class or the sanction of a resolution passed as aforesaid is required.

(b) Financial assistance to purchase shares of a company or its holding company

A company is prohibited from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares unless there are reasonable grounds for believing that the company is, and would after the giving of such financial assistance be, able to pay its liabilities as they become due. In certain circumstances, the prohibition from giving financial assistance may be excluded such as where the assistance is only an incidental part of a larger purpose or the assistance is of an insignificant amount such as the payment of minor costs.

(c) Purchase of shares and warrants by a company and its subsidiaries

A company may, if authorised by its memorandum of association or bye laws, purchase its own shares. Such purchases may only be effected out of the capital paid up on the purchased shares or out of the funds of the company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a purchase over the par value of the shares to be purchased must be provided for out of funds of the company otherwise available for dividend or distribution or out of the company's share premium account. Any amount due to a shareholder on a purchase by a company of its own shares may (i) be paid in cash; (ii) be satisfied by the transfer of any part of the undertaking or property of the company having the same value; or (iii) be satisfied partly under (i) and partly under (ii). Any purchase by a company of its own shares may be authorised by its board of directors or otherwise by or in accordance with the provisions of its bye laws. Such purchase may not be made if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the company is, or after the purchase would be, unable to pay its liabilities as they become due. The shares so purchased may either be cancelled or held as treasury shares. Any purchased shares that are cancelled will, in effect, revert to the status of authorised but unissued shares. If shares of the company are held as treasury shares, the company is prohibited to exercise any rights in respect of those shares, including any right to attend and vote at meetings, including a meeting under a scheme of arrangement, and any

purported exercise of such a right is void. No dividend shall be paid to the company in respect of shares held by the company as treasury shares; and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) shall be made to the company in respect of shares held by the company as treasury shares. Any shares allotted by the company as fully paid bonus shares in respect of shares held by the company as treasury shares shall be treated for the purposes of the Bermuda Companies Act as if they had been acquired by the company at the time they were allotted.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Bermuda law that a company's memorandum of association or its bye laws contain a specific provision enabling such purchases.

Under Bermuda law, a subsidiary may hold shares in its holding company and in certain circumstances, may acquire such shares. The holding company is, however, prohibited from giving financial assistance for the purpose of the acquisition, subject to certain circumstances provided by the Bermuda Companies Act. A company, whether a subsidiary or a holding company, may only purchase its own shares if it is authorised to do so in its memorandum of association or bye laws pursuant to section 42A of the Bermuda Companies Act.

(d) Dividends and distributions

A company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts. Contributed surplus is defined for purposes of section 54 of the Bermuda Companies Act to include the proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the company.

(e) Protection of minorities

Class actions and derivative actions are generally not available to shareholders under the laws of Bermuda. The Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong done to the company where the act complained of is alleged to be beyond the corporate power of the company or is illegal or would result in the violation of the company's memorandum of association and bye laws. Furthermore, consideration would be given by the court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than actually approved it.

Any member of a company who complains that the affairs of the company are being conducted or have been conducted in a manner oppressive or prejudicial to the interests of some part of the members, including himself, may petition the court which may, if it is of the

opinion that to wind up the company would unfairly prejudice that part of the members but that otherwise the facts would justify the making of a winding up order on just and equitable grounds, make such order as it thinks fit, whether for regulating the conduct of the company's affairs in future or for the purchase of shares of any members of the company by other members of the company or by the company itself and in the case of a purchase by the company itself, for the reduction accordingly of the company's capital, or otherwise. Bermuda law also provides that the company may be wound up by the Bermuda court, if the court is of the opinion that it is just and equitable to do so. Both these provisions are available to minority shareholders seeking relief from the oppressive conduct of the majority, and the court has wide discretion to make such orders as it thinks fit.

Except as mentioned above, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in Bermuda.

A statutory right of action is conferred on subscribers of shares in a company against persons, including directors and officers, responsible for the issue of a prospectus in respect of damage suffered by reason of an untrue statement therein, but this confers no right of action against the company itself. In addition, such company, as opposed to its shareholders, may take action against its officers including directors, for breach of their statutory and fiduciary duty to act honestly and in good faith with a view to the best interests of the company.

(f) Management

The Bermuda Companies Act contains no specific restrictions on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Furthermore, the Bermuda Companies Act requires that every officer should comply with the Bermuda Companies Act, regulations passed pursuant to the Bermuda Companies Act and the bye laws of the company. The directors of a company may, subject to the bye-laws of the company, exercise all the powers of the company except those powers that are required by the Bermuda Companies Act or the bye-laws to be exercised by the members of the company.

(g) Accounting and auditing requirements

The Bermuda Companies Act requires a company to cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Furthermore, it requires that a company keeps its records of account at the registered office of the company or at such other place as the directors think fit and that such records shall at all times be open to inspection by the directors or the resident representative of the

company. If the records of account are kept at some place outside Bermuda, there shall be kept at the office of the company in Bermuda such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each three month period, except that where the company is listed on an appointed stock exchange, there shall be kept such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each six month period.

The Bermuda Companies Act requires that the directors of the company must, at least once a year, lay before the company in general meeting financial statements for the relevant accounting period. Further, the company's auditor must audit the financial statements so as to enable him to report to the members. Based on the results of his audit, which must be made in accordance with generally accepted auditing standards, the auditor must then make a report to the members. The generally accepted auditing standards may be those of a country or jurisdiction other than Bermuda or such other generally accepted auditing standards as may be appointed by the Minister of Finance of Bermuda under the Bermuda Companies Act; and where the generally accepted auditing standards used are other than those of Bermuda, the report of the auditor shall identify the generally accepted auditing standards used. All members of the company are entitled to receive a copy of every financial statement prepared in accordance with these requirements, at least five (5) days before the general meeting of the company at which the financial statements are to be tabled. A company the shares of which are listed on an appointed stock exchange may send to its members summarized financial statements instead. The summarized financial statements must be derived from the company's financial statements for the relevant period and contain the information set out in Bermuda Companies Act. The summarized financial statements sent to the company's members must be accompanied by an auditor's report on the summarized financial statements and a notice stating how a member may notify the company of his election to receive financial statements for the relevant period and/or for subsequent periods.

The summarized financial statements together with the auditor's report thereon and the accompanied notice must be sent to the members of the company not less than twenty-one (21) days before the general meeting at which the financial statements are laid. Copies of the financial statements must be sent to a member who elects to receive the same within seven (7) days of receipt by the company of the member's notice of election.

(h) Auditors

At each annual general meeting, a company must appoint an auditor to hold office until the close of the next annual general meeting; however, this requirement may be waived if all of the shareholders and all of the directors, either in writing or at the general meeting, agree that there shall be no auditor.

A person, other than an incumbent auditor, shall not be capable of being appointed auditor at an annual general meeting unless notice in writing of an intention to nominate that person to the office of auditor has been given not less than twenty-one (21) days before the annual

general meeting. The company must send a copy of such notice to the incumbent auditor and give notice thereof to the members not less than seven (7) days before the annual general meeting. An incumbent auditor may, however, by notice in writing to the secretary of the company waive the requirements of the foregoing.

Where an auditor is appointed to replace another auditor, the new auditor must seek from the replaced auditor a written statement as to the circumstances of the latter's replacement. If the replaced auditor does not respond within fifteen (15) days, the new auditor may act in any event. An appointment as auditor of a person who has not requested a written statement from the replaced auditor is voidable by a resolution of the shareholders at a general meeting. An auditor who has resigned, been removed or whose term of office has expired or is about to expire, or who has vacated office is entitled to attend the general meeting of the company at which he is to be removed or his successor is to be appointed; to receive all notices of, and other communications relating to, that meeting which a member is entitled to receive; and to be heard at that meeting on any part of the business of the meeting that relates to his duties as auditor or former auditor.

(i) Exchange control

An exempted company is usually designated as "non resident" for Bermuda exchange control purposes by the Bermuda Monetary Authority. Where a company is so designated, it is free to deal in currencies of countries outside the Bermuda exchange control area which are freely convertible into currencies of any other country. The permission of the Bermuda Monetary Authority is required for the issue of shares and securities by the company and the subsequent transfer of such shares and securities. In granting such permission, the Bermuda Monetary Authority accepts no responsibility for the financial soundness of any proposals or for the correctness of any statements made or opinions expressed in any document with regard to such issue. Before the company can issue or transfer any further shares and securities in excess of the amounts already approved, it must obtain the prior consent of the Bermuda Monetary Authority.

The Bermuda Monetary Authority has granted general permission for the issue and transfer of shares and securities to and between persons regarded as resident outside Bermuda for exchange control purposes without specific consent for so long as any equity securities, including shares, are listed on an appointed stock exchange (as defined in the Bermuda Companies Act). Issues to and transfers involving persons regarded as "resident" for exchange control purposes in Bermuda will be subject to specific exchange control authorisation.

(j) Taxation

Under present Bermuda law, no Bermuda withholding tax on dividends or other distributions, nor any Bermuda tax computed on profits or income or on any capital asset, gain or appreciation will be payable by an exempted company or its operations, nor is there any Bermuda tax in the nature of estate duty or inheritance tax applicable to shares, debentures or other obligations

of the company held by non residents of Bermuda. Furthermore, a company may apply to the Minister of Finance of Bermuda for an assurance, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, that no such taxes shall be so applicable to it or any of its operations until 31 March 2035, although this assurance will not prevent the imposition of any Bermuda tax payable in relation to any land in Bermuda leased or let to the company or to persons ordinarily resident in Bermuda.

(k) Stamp duty

An exempted company is exempt from all stamp duties except on transactions involving "Bermuda property". This term relates, essentially, to real and personal property physically situated in Bermuda, including shares in local companies (as opposed to exempted companies). Transfers of shares and warrants in all exempted companies are exempt from Bermuda stamp duty.

(l) Loans to directors

Bermuda law prohibits the making of loans by a company to any of its directors or to their families or companies in which they hold more than a twenty per cent. (20%) interest, without the consent of any member or members holding in aggregate not less than nine tenths of the total voting rights of all members having the right to vote at any meeting of the members of the company. These prohibitions do not apply to (a) anything done to provide a director with funds to meet the expenditure incurred or to be incurred by him for the purposes of the company, provided that the company gives its prior approval at a general meeting or, if not, the loan is made on condition that it will be repaid within six months of the next following annual general meeting if the loan is not approved at or before such meeting, (b) in the case of a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, anything done by the company in the ordinary course of that business, or (c) any advance of moneys by the company to any officer or auditor under section 98(2)(c) of the Bermuda Companies Act which allows the company to advance moneys to an officer or auditor of the company for the costs incurred in defending any civil or criminal proceedings against them, on condition that the officer or auditor shall repay the advance if any allegation of fraud or dishonesty is proved against them. If the approval of the company is not given for a loan, the directors who authorised it will be jointly and severally liable for any loss arising therefrom.

(m) Inspection of corporate records

Members of the general public have the right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda which will include the company's certificate of incorporation, its memorandum of association (including its objects and powers) and any alteration to the company's memorandum of association. The members of the company have the additional right to inspect the bye laws of a company, minutes of general meetings and the company's audited financial statements, which must be presented to the

annual general meeting. Minutes of general meetings of a company are also open for inspection by directors of the company without charge for not less than two (2) hours during business hours each day. The register of members of a company is open for inspection by members of the public without charge. The company is required to maintain its share register in Bermuda but may, subject to the provisions of the Bermuda Companies Act, establish a branch register outside Bermuda. Any branch register of members established by the company is subject to the same rights of inspection as the principal register of members of the company in Bermuda. Any person may on payment of a fee prescribed by the Bermuda Companies Act require a copy of the register of members or any part thereof which must be provided within fourteen (14) days of a request. Bermuda law does not, however, provide a general right for members to inspect or obtain copies of any other corporate records.

A company is required to maintain a register of directors and officers at its registered office and such register must be made available for inspection for not less than two (2) hours in each day by members of the public without charge. If summarized financial statements are sent by a company to its members pursuant to section 87A of the Bermuda Companies Act, a copy of the summarized financial statements must be made available for inspection by the public at the registered office of the company in Bermuda.

(n) Winding up

A company may be wound up by the Bermuda court on application presented by the company itself, its creditors or its contributors. The Bermuda court also has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Bermuda court, just and equitable that such company be wound up.

A company may be wound up voluntarily when the members so resolve in general meeting, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above. Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval.

Where, on a voluntary winding up, a majority of directors make a statutory declaration of solvency, the winding up will be a members' voluntary winding up. In any case where such declaration has not been made, the winding up will be a creditors' voluntary winding up.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators within the period prescribed by the Bermuda Companies Act for the purpose of winding up the affairs of the company and distributing its assets. If the liquidator at any time forms the opinion that such company will not be able to pay its debts in full, he is obliged to summon a meeting of creditors.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting requires at least one month's notice published in an appointed newspaper in Bermuda.

In the case of a creditors' voluntary winding up of a company, the company must call a meeting of creditors of the company to be summoned on the day following the day on which the meeting of the members at which the resolution for winding up is to be proposed is held. Notice of such meeting of creditors must be sent at the same time as notice is sent to members. In addition, such company must cause a notice to appear in an appointed newspaper on at least two occasions.

The creditors and the members at their respective meetings may nominate a person to be liquidator for the purposes of winding up the affairs of the company provided that if the creditors nominate a different person, the person nominated by the creditors shall be the liquidator. The creditors at the creditors' meeting may also appoint a committee of inspection consisting of not more than five persons.

If a creditors' winding up continues for more than one year, the liquidator is required to summon a general meeting of the company and a meeting of the creditors at the end of each year to lay before such meetings an account of his acts and dealings and of the conduct of the winding up during the preceding year. As soon as the affairs of the company are fully wound up, the liquidator must make an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon shall call a general meeting of the company and a meeting of the creditors for the purposes of laying the account before such meetings and giving an explanation thereof.

5. GENERAL

Conyers Dill & Pearman Pte. Ltd., the Company's legal advisers on Bermuda law, have sent to the Company letters of advice summarising certain aspects of Bermuda company law. These letters, together with a copy of the Bermuda Companies Act, are available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VII. Any person wishing to have a detailed summary of Bermuda company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

SUMMARY OF SALIENT PROVISIONS OF THE LAWS OF SINGAPORE

The following summarises the salient provisions of the laws of Singapore applicable to the Shareholders as the date of this document. The summaries below are for general guidance only and do not constitute legal advice, nor must they be used as a substitute for, or specific legal advice on the corporate law of Singapore. The summaries below are not meant to be a comprehensive or exhaustive description of all the obligations, rights and privileges of Shareholders imposed on or conferred by the corporate law of Singapore. In addition, prospective investors and/or Shareholders should also note that the laws applicable to Shareholders may change, whether as a result of proposed legislative reforms to the Singapore laws or otherwise. Prospective investors and/or Shareholders should consult their own legal advisers for specific legal advice concerning their legal obligations under the relevant laws.

1. Reporting Obligations of Shareholders

Obligation to Notify Company of Substantial Shareholding and Change in Substantial Shareholding under Section 82 of the Singapore Companies Act

A person has a substantial shareholding in a company if he has an interest or interests in one or more voting shares in a company, and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the company, excluding treasury shares.

Section 82 of the Singapore Companies Act

A substantial shareholder of a company is required to notify the company of his interests in the voting shares in the company within two Business Days after becoming a substantial shareholder.

Sections 83 and 84 of the Singapore Companies Act

A substantial shareholder is required to notify the company of changes in the percentage level of his shareholding or his ceasing to be a substantial shareholder within two Business Days after he is aware of such changes. The reference to changes in "percentage level" means any changes in a substantial shareholder's interest in the company which results in his interest, following such change, increasing or decreasing to the next discrete 1% threshold. For example, an increase in interests in the company from 5.1% to 5.9% need not be notified, but an increase from 5.9% to 6.1% will have to be notified.

Consequences of Non-compliance

Section 90 of the Singapore Companies Act

Section 90 of the Singapore Companies Act provides for a defence to a prosecution for failing to comply with sections 82, 83 or 84. It is a defence if the defendant proves that his failure was due to his not being aware of a fact or occurrence the existence of which was necessary to constitute the offence and that he was not so aware on the date of the summons; or he became so aware less than 7 days before the date of the summons. However, a person will conclusively be presumed to have been aware of a fact or occurrence at a particular time (a) of which he would, if he had acted with reasonable diligence in the conduct of his affairs, have been aware at that time; or (b) of which an employee or agent of the person, being an employee or agent having duties or acting in relation to his master's or principal's interest or interests in a share or shares in the company concerned, was aware or would, if he had acted with reasonable diligence in the conduct of his master's or principal's affairs, have been aware at that time.

Powers of the Court with respect to Defaulting Substantial Shareholders

Section 91 of the Singapore Companies Act

Section 91 of the Singapore Companies Act provides that where a substantial shareholder fails to comply with sections 82, 83 or 84, the Court may, on the application of the Minister, whether or not the failure still continues, make one of the following orders:

(a) an order restraining the substantial shareholder from disposing of any interest in shares in the company in which he is or has been a substantial shareholder;

(b) an order restraining a person who is, or is entitled to be registered as, the holder of shares referred to in paragraph (a) from disposing of any interest in those shares;

(c) an order restraining the exercise of any voting or other rights attached to any share in the company in which the substantial shareholder has or has had an interest;

(d) an order directing the company not to make payment, or to defer making payment, of any sum due from the company in respect of any share in which the substantial shareholder has or has had an interest;

(e) an order directing the sale of all or any of the shares in the company in which the substantial shareholder has or has had an interest;

(f) an order directing the company not to register the transfer or transmission of specified shares;

(g) an order that any exercise of the voting or other rights attached to specified shares in the company in which the substantial shareholder has or has had an interest be disregarded; or

(h) for the purposes of securing compliance with any other order made under this section, an order directing the company or any other person to do or refrain from doing a specified act.

Any order made under this section may include such ancillary or consequential provisions as the Court thinks just. The Court may not make an order other than an order restraining the exercise of voting rights, if it is satisfied (a) that the failure of the substantial shareholder to comply was due to his inadvertence or mistake or to his not being aware of a relevant fact or occurrence; and (b) that in all the circumstances, the failure ought to be excused. Any person who contravenes or fails to comply with an order made under this section that is applicable to him shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$5,000 and, in the case of a continuing offence, to a further fine of S$500 for every day during which the offence continues after conviction.

Obligation to Notify the SGX-ST of Substantial Shareholding and Change in Substantial Shareholding

Section 137(1) of the SFA

Section 137 of the SFA provides that the foregoing provisions of the Singapore Companies Act applies to a substantial shareholder of a company whose shares are listed on a securities exchange, save that references to the company to which notification should be given shall be to the securities exchange.

A substantial shareholder is therefore required under section 137(1) of the SFA to notify to the SGX-ST of any change in the percentage level of his shareholding or his ceasing to be a substantial shareholder within two Business Days after he is aware of such changes. Any person who fails to comply with section 137(1) is guilty of an offence and shall be liable on conviction to a fine not exceeding S$25,000 and, in the case of a continuing offence, to a further fine of S$2,500 for every day or part thereof during which the offence continues after conviction.

Duty Not to Furnish False Statements to Securities Exchange, Futures Exchange, Designated Clearing House and Securities Industry Council of Singapore

Section 330 of the SFA

Section 330 of the SFA provides that any person who, with intent to deceive, makes or furnishes, or knowingly and willfully authorises or permits the making or furnishing of, any false or misleading statement or report to a securities exchange, futures exchange, designated clearing house or any officers thereof relating to, inter alia, dealing in securities shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$50,000 or to imprisonment for a term not exceeding 2 years or to both. Section 330 further provides that any person who, with intent to deceive, makes or furnishes or knowingly and willfully authorises or permits the making or furnishing of, any false or misleading statement or report to the Securities Industry

Council or any of its officers relating to any matter or thing required by the Securities Industry Council in the exercise of its functions under the SFA shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$50,000 or to imprisonment for a term not exceeding 2 years or to both.

Obligation to Disclose Beneficial Interest in the Voting Shares of the Company

Section 92 of the Singapore Companies Act

Section 92 of the Singapore Companies Act provides that a company which has all of its shares listed on a stock exchange in Singapore may require any member to inform it whether the member holds the voting shares in the company as beneficial owner or trustee, and in the latter, who the beneficiaries are and the nature of their interest. If the member discloses that he is holding the shares on trust for another party, the company may additionally require the other party to inform it whether the other party holds the interests as beneficial owner or as trustee and if the latter, for whom and the nature of their interest. A listed company also has the right to require the member to inform it of any voting agreement that he may have in relation to the shares held by him.

Consequences of Non-compliance

Section 92 of the Singapore Companies Act

Sections 92(6) and 92(7) of the Singapore Companies Act provide that the failure to comply with a notice requiring disclosure of information is an offence, unless it can be shown that the information was already in the possession of the company or that the requirement to give it was frivolous or vexatious. A person who deliberately or recklessly makes a statement that is false in a material particular in compliance to a request for information under section 92 is also guilty of an offence, and is likewise liable on conviction to a fine not exceeding S$10,000 or to imprisonment for a term not exceeding 2 years.

2. Prohibited Conduct in Relation to Trading in the Securities of the Company

Prohibitions against False Trading and Market Manipulation

Section 197 of the SFA

Section 197 of the SFA prohibits (i) the creation of a false or misleading appearance of active trading in any securities on a securities exchange; (ii) the creation of a false or misleading appearance with respect to the market for, or price of, any securities on a securities exchange; (iii) affecting the price of securities by way of purchases or sales which do not involve a change in the beneficial ownership of those securities; and (iv) affecting the price of securities by means of any fictitious transactions or devices.

Section 197(3) of the SFA provides that a person is deemed to have created a false or misleading appearance of active trading in securities on a securities market if he does any of the following acts:

(i) if he effects, takes part in, is concerned in or carries out, directly or indirectly, any transaction of purchase or sale of any securities, which does not involve any change in the beneficial ownership of the securities;

(ii) if he makes or causes to be made an offer to sell any securities at a specified price where he has made or caused to be made or proposes to make or to cause to be made, or knows that a person associated with him has made or caused to be made or proposes to make or to cause to be made, an offer to purchase the same number, or substantially the same number, of securities at a price that is substantially the same as the first-mentioned price; or

(iii) if he makes or causes to be made an offer to purchase any securities at a specified price where he has made or caused to be made or proposes to make or to cause to be made, or knows that a person associated with him has made or caused to be made or proposes to make or to cause to be made, an offer to sell the same number, or substantially the same number, of securities at a price that is substantially the same as the first-mentioned price, unless he establishes that the purpose or purposes for which he did the act was not, or did not include, the purpose of creating a false or misleading appearance of active trading in securities on a securities market.

Section 197(5) of the SFA provides that a purchase or sale of securities does not involve a change in the beneficial ownership if a person who had an interest in the securities before the purchase or sale, or a person associated with the first-mentioned person in relation to those securities, has an interest in the securities after the purchase or sale.

Section 197(6) of the SFA provides a defence to proceedings against a person in relation to a purchase or sale of securities that did not involve a change in the beneficial ownership of those securities. It is a defence if the defendant establishes that the purpose or purposes for which he purchased or sold the securities was not, or did not include, the purpose of creating a false or misleading appearance with respect to the market for, or the price of, securities.

Prohibition against Securities Market Manipulation

Section 198 of the SFA

Section 198(1) of the SFA provides that no person shall carry out directly or indirectly, 2 or more transactions in securities of a corporation, being transactions that have, or likely to have, the effect of raising, lowering, maintaining or stabilising the price of the securities with intent to induce other persons to purchase them. Section 198(2) of the SFA provides that transactions in securities of a corporation includes (i) the making of an offer to purchase or

sell such securities of the corporation; and (ii) the making of an invitation, however expressed, that directly or indirectly invites a person to offer to purchase or sell such securities of the corporation.

Prohibition Against the Manipulation of the Market Price of Securities by the Dissemination of Misleading Information

Sections 199 and 202 of the SFA

Section 199 of the SFA prohibits the making of false or misleading statements. Under this provision, a person shall not make a statement, or disseminate information, that is false or misleading in a material particular and is likely (a) to induce other persons to subscribe for securities; (b) to induce the sale or purchase of securities by other persons; or (c) to have the effect of raising, lowering, maintaining or stabilising the market price of securities, if, when he makes the statement or disseminates the information, he either does not care whether the statement or information is true or false, or knows or ought reasonably to have known that the statement or information is false or misleading in a material particular.

Section 202 of the SFA prohibits the dissemination of information about illegal transactions. This provision prohibits the circulation or dissemination of any statement or information to the effect that the price of any securities of a corporation will rise, fall or be maintained by reason of transactions entered into in contravention of sections 197 to 201 of the SFA. This prohibition applies where the person who is circulating or disseminating the information or statements (i) is the person who entered into or purports to enter into the illegal transaction; or (ii) is associated with the person who entered into or purports to enter into the illegal transaction; or (iii) is the person, or associated with the person, who has received or expects to receive (whether directly or indirectly) any consideration or benefit of circulating or disseminating the information or statements.

Prohibition against Fraudulently Inducing Persons to Deal in Securities

Section 200 of the SFA

Section 200 of the SFA prohibits a person from inducing or attempting to induce another person to deal in securities, (a) by making or publishing any statement, promise or forecast that he knows or ought reasonably to have known to be misleading, false or deceptive; (b) by any dishonest concealment of material facts; (c) by the reckless making or publishing of any statement, promise or forecast that is misleading, false or deceptive; or (d) by recording or storing in, or by means of, any mechanical, electronic or other device information that he knows to be false or misleading in a material particular, unless it is established that, at the time when the defendant so recorded or stored the information, he had no reasonable grounds for expecting that the information would be available to any other person.

Prohibition against Employment of Manipulative and Deceptive Devices

Section 201 of the SFA

Section 201 of the SFA prohibits (i) the employment of any device, scheme or artifice to defraud; (ii) engaging in any act, practice or course of business which operates as a fraud or deception, or is likely to operate as a fraud or deception, upon any person; (iii) making any statement known to be false in a material particular; or (iv) omitting to state a material fact necessary to make statements made not misleading, in connection with the subscription, purchase or sale of any securities.

Prohibition against the Dissemination of Information about Illegal Transactions

Section 202 of the SFA

Section 202 of the SFA prohibits the circulation or dissemination of any statement or information to the effect that the price of any securities of a corporation will rise, fall or be maintained by reason of any transaction entered into or to be entered into in contravention of sections 197 to 201 of the SFA. This prohibition applies where the person who is circulating or disseminating the information or statements (i) is the person who entered or purports to enter into the illegal transaction; (ii) is associated with the person who entered into or purports to enter into the illegal transaction; or (iii) is the person, or associated with the person, who has received or expects to receive (whether directly or indirectly) any consideration or benefit of circulating or disseminating the information or statements.

Prohibition against Insider Trading

Sections 218 and 219 of the SFA

Sections 218 and 219 of the SFA prohibit persons from dealing in the securities of a corporation if the person knows or reasonably ought to know that he is in possession of information that is not generally available, which is expected to have a material effect on the price or value of securities of that corporation. Such persons include substantial shareholders of a corporation or a related corporation, and persons who occupy a position reasonably expected to give him access to inside information by virtue of professional or business relationships by being an officer or a substantial shareholder of the corporation or a related corporation, or any other person in possession of inside information. For an alleged contravention of section 218 or 219, section 220 makes it clear that it is not necessary for the prosecution or plaintiff to prove that the accused person or defendant intended to use the information referred to in section 218(1)(a) or (1A)(a) or 219(1)(a) in contravention of section 218 or 219, as the case may be.

Section 216 of the SFA

Section 216 of the SFA provides that a reasonable person would be taken to expect information to have a material effect on the price or value of securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell the first-mentioned securities.

Penalties

Section 232 of the SFA

Section 232 of the SFA provides that the Monetary Authority of Singapore may, with the consent of the Public Prosecutor, bring an action in a court against the offender to seek an order for a civil penalty in respect of any contravention. If the court is satisfied on the balance of probabilities that the contravention resulted in the gain of a profit or avoidance of a loss by the offender, the offender may have to pay a civil penalty of a sum (a) not exceeding 3 times the amount of the profit that the person gained; or the amount of the loss that he avoided, as a result of the contravention; or (b) equal to S$50,000 if the person is not a corporation, or S$100,000 if the person is a corporation, whichever is the greater. If the court is satisfied on a balance of probabilities that the contravention did not result in the gain of a profit or avoidance of a loss by the offender, the court may make an order against him for the payment of a civil penalty of a sum not less than S$50,000 and not more than S$2 million.

Section 204 of the SFA

Any person who contravenes sections 197, 198, 199, 200, 201 or 202 of the SFA is guilty of an offence and shall be liable on conviction to a fine not exceeding S$250,000 or to imprisonment for a term not exceeding 7 years or to both under section 204 of the SFA. Section 204 of the SFA further provides that no proceedings shall be instituted against a person for the offence after a court has made an order against him for the payment of a civil penalty under section 232 in respect of the contravention.

Section 221 of the SFA

Any person who contravenes section 218 or 219 of the SFA, is guilty of an offence and shall be liable on conviction to a fine not exceeding S$250,000 or to imprisonment for a term not exceeding 7 years or to both under section 221 of the SFA. Section 221 of the SFA further provides that no proceedings shall be instituted against a person for an offence in respect of a contravention of section 218 or 219 of the SFA after a court has made an order against him for the payment of a civil penalty under section 232 of the SFA in respect of that contravention.

3. Takeover Obligations

Offences and Obligations Relating to Take-overs

Section 140 of the SFA

Section 140 of the SFA provides that a person shall not give notice or publicly announce that he intends to make a take-over offer if (a) he has no intention to make a take-over offer; or (b) he has no reasonable or probable grounds for believing that he will be able to perform his obligations if the take-over offer is accepted or approved, as the case may be. A person who contravenes section 140 of the SFA is guilty of an offence and shall be liable on conviction to a fine not exceeding S$250,000 or to imprisonment for a term not exceeding 7 years or to both.

Obligations under the Singapore Takeovers Code and the Consequences of Non-compliance

Obligations under the Singapore Takeovers Code

The Singapore Takeovers Code regulates the acquisition of ordinary shares of public companies and contains certain provisions that may delay, deter or prevent a future takeover or change in control of public companies. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting shares of a public company, or, if such person holds, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% (both inclusive) of voting shares of a public company, and if he (or parties acting in concert with him) acquires additional voting shares representing more than 1.0% of the voting shares of a public company in any six-month period, must, except with the consent of the Securities Industry Council in Singapore, extend a takeover offer for the remaining voting shares of a public company in accordance with the provisions of the Singapore Takeovers Code.

"**Parties acting in concert**" comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Certain persons are presumed (unless the presumption is rebutted) to be acting in concert with each other. They are as follows:

(a) a company and its related companies, the associated companies of any of the company and its related companies, companies whose associated companies include any of these companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;

(b) a company and its directors (including their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);

(c) a company and its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis;

(e) a financial or other professional advisers and its clients in respect of shares held by the advisers and persons controlling, controlled by or under the same control as the advisers and all the funds managed by the advisers on a discretionary basis, where the shareholdings of the advisers and any of those funds in the client total 10.0% or more of the client's equity share capital;

(f) directors of a company (including their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for the company may be imminent;

(g) partners; and

(h) an individual and his close relatives, related trusts, any person who is accustomed to act in accordance with his instructions and companies controlled by the individual, his close relatives, his related trusts or any person who is accustomed to act in accordance with his instructions and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights.

In the event that one of the abovementioned trigger-points is reached, the person acquiring an interest (the "**Offeror**") must make a public announcement stating the terms of the offer and its identity. The Offeror must post an offer document not earlier than 14 days and not later than 21 days from the date of the offer announcement. An offer must be kept open for at least 28 days after the date on which the offer document was posted.

The Offeror may vary the offer by offering more for the shares or by extending the period in which the offer remains open. If a variation is proposed, the Offeror is required to give a written notice to the offeree company and its shareholders, stating the modifications made to the matters set out in the offer document. The revised offer must be kept open for at least another 14 days. Where the consideration is varied, shareholders who agree to sell before the variation are also entitled to receive the increased consideration.

A mandatory offer must be in cash or be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror within the six months preceding the acquisition of shares that triggered the mandatory offer obligation.

Under the Singapore Takeovers Code, where effective control of a company is acquired or consolidated by a person, or persons acting in concert, a general offer to all other shareholders is normally required. An offeror must treat all shareholders of the same class in an offeree

company equally. A fundamental requirement is that shareholders in the company subject to the takeover offer must be given sufficient information, advice and time to consider and decide on the offer.

Consequences of Non-compliance with the Requirements under the Singapore Takeovers Code

The Singapore Takeovers Code is non-statutory in that it does not have the force of law. Therefore, as provided in section 139(8) of the SFA, a failure of any party concerned in a take-over offer or a matter connected therewith to observe any of the provisions of the Singapore Code shall not of itself render that party liable to criminal proceedings. However, the failure of any party to observe any of the provisions of the Singapore Takeovers Code may, in any civil or criminal proceedings, be relied upon by any party to the proceedings as tending to establish or to negate any liability which is in question in the proceedings.

Section 139 further provides that where the Securities Industry Council has reason to believe that any party concerned in a take-over offer or a matter connected therewith is in breach of the provisions of the Singapore Takeovers Code or is otherwise believed to have committed acts of misconduct in relation to such take-over offer or matter, the Securities Industry Council has power to enquire into the suspected breach or misconduct. The Securities Industry Council may summon any person to give evidence on oath or affirmation, which it is thereby authorised to administer, or produce any document or material necessary for the purpose of the enquiry.

4. Exchange Controls

There are no Singapore governmental laws, decrees, regulations or other legislation that may restrict the following:

(a) the import or export of capital, including the availability of cash and cash equivalents for use by a company; and

(b) the remittance of dividends, interest or other payments to non-resident holders of a company's securities.

5. Principal differences between the continuing obligations applicable to listed companies under the Listing Rules and the Listing Manual

In view of the dual primary listing status of the Company on both of the Stock Exchange and the SGX-ST after completion of the Listing, the Company will have to follow the Listing Rules and the Listing Manual. In the event of any conflict between them, the Company will have to comply with the more onerous rules, subject to approvals from the relevant stock exchange(s). The following table sets out the principal differences between the continuing obligations applicable to listed companies under the Listing Rules and the Listing Manual.

		Listing Rules	Listing Manual
1.	***Financial Reporting Obligations***		
(A)	Annual reports*	**Rule 13.46 of the Listing Rules**	**Rule 707 of the Listing Manual**
		A listed company shall send to (i) every member of the listed company; and (ii) every other holders of its listed securities (not being bearer securities), a copy of either (a) its annual report including its annual accounts and, where the listed company prepares group accounts, its group accounts, together with a copy of the auditors' report thereon, or (b) its summary financial report, not less than 21 days before the date of the listed company's annual general meeting and in any event not more than four months after the end of the financial year to which they relate.	(1) The time between the end of a listed company's financial year and the date of its annual general meeting (if any) must not exceed four months. (2) A listed company must issue its annual report to shareholders and the SGX-ST at least 14 days before the date of its annual general meeting.

(B)	Preliminary results announcements for full financial year*	**Rule 13.49(1) of the Listing Rules** A listed company shall publish its preliminary results in respect of each financial year as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day after approval by or on behalf of the board. The listed company must publish such results: (a) for annual accounting periods ending before December 31, 2010 – not later than four months after the end of the financial year; and (b) for annual accounting periods ending on or after December 31, 2010 – not later than three months after the end of the financial year.	**Rule 705(1) of the Listing Manual** A listed company must announce the financial statements for the full financial year immediately after the figures are available, but in any event not later than 60 days after the relevant financial period.
(C)	Interim reports**	**Rule 13.48(1) of the Listing Rules** In respect of the first six months of each financial year of a listed company unless that financial year is of six months or less, the listed company shall send to (i) every member of the listed company; and (ii) every other holder of its listed securities (not being bearer securities), either (a) an interim report, or (b) a summary interim report not later than three months after the end of that period of six months.	No requirements on sending an interim report to the shareholders.

(D)	Preliminary result announcements for first half of financial year*	**Rule 13.49(6) of the Listing Rules** A listed company shall publish a preliminary announcement in respect of its results for the first six months of each financial year, unless that financial year is of six months or less, as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day after approval by or on behalf of the board. The listed company must publish such results (a) half-year accounting periods ending before 30 June 2010 – not later than three months after the end of that period of six months; (b) for half-year accounting periods ending on or after 30 June 2010 – not later than two months after the end of that period of six months.	**Rule 705(2) of the Listing Manual** A listed company must announce the financial statements for each of the first three quarters of its financial year immediately after the figures are available, but in any event not later than 45 days after the quarter end if: (a) its market capitalization exceeded S$75 million as of March 31, 2003; or (b) it was listed after March 31, 2003 and its market capitalization exceeded S$75 million at the time of listing (based on the IPO issue price); or (c) its market capitalization is S$75 million or higher on the last trading day of each calendar year commencing from December 31, 2006. A listed company whose obligation falls within this sub-section (c) will have a grace period of a year to prepare for quarterly reporting.
(E)	Quarterly financial results*	Information disclosed pursuant to the Listing Manual in Singapore will be simultaneously disclosed in Hong Kong as required under Rule 13.09(2) of the Listing Rules.	Same as the requirements under Rule 705(2) of the Listing Manual as set out above.

2. Disclosure Obligations

(A)	Notifiable transactions*	**Chapter 14 of the Listing Rules** Under Chapter 14 of the Listing Rules, the transactions are classified in accordance with the percentage ratio set out in Rule 14.07 of the Listing Rules as: (1) share transaction: an acquisition of assets (excluding cash) by a listed issuer where the consideration includes securities for which listing will be sought and where all percentage ratios are less than 5% (2) disclosable transaction: a transaction or a series of transactions by a listed issuer where any percentage ratio is 5% or more, but less than 25%; (3) major transaction: a transaction or a series of transactions by a listed issuer where any percentage ratio is 25% or more, but less than 100% for an acquisition or 75% for a disposal;	**Chapter 10 of the Listing Manual** **Rule 1004, Listing Manual** Transactions are classified into the following categories:- (a) Non-Discloseable Transactions, (b) Discloseable Transactions, (c) Major Transactions; and (d) Very Substantial Acquisitions or Reverse Takeovers. **Rule 1005, Listing Manual** In determining whether a transaction falls into category (a), (b), (c) or (d) of Rule 1004, the Exchange may aggregate separate transactions completed within the last 12 months and treat them as if they were one transaction.

(4) very substantial disposal: a disposal or a series of disposals of assets by a listed issuer where any percentage ratio is 75% or more;

(5) very substantial acquisition: an acquisition or a series of acquisitions of assets by a listed issuer where any percentage ratio is 100% or more;

(6) reverse takeover: an acquisition or a series of acquisitions of assets by a listed issuer which, in the opinion of the Stock Exchange, constitutes, or is part of a transaction or arrangement or series of transactions or arrangements which constitute, an attempt to achieve a listing of the assets to be acquired and a means to circumvent the requirements for new applicants set out in Chapter 8 of the Listing Rules.

As soon as possible after the terms of a share transaction, disclosable transaction, major transaction, very substantial disposal, very substantial acquisition or reverse takeover have been finalized, the listed company must in each case (1) inform the Stock Exchange; and (2) publish an announcement in accordance with Rule 2.07C of the Listing Rules.

Rule 1006, Listing Manual

A transaction may fall into category (a), (b), (c) or (d) of Rule 1004 depending on the size of the relative figures computed on the following bases:-

(a) The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.

(b) The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.

(c) The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.

(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.

For a major transaction, very substantial disposal, very substantial acquisition or reverse takeover, the listed company must send to its shareholders and the Stock Exchange a circular containing the information as required under Chapter 14 of the Listing Rules.

With respect to a major transaction for acquisitions of businesses and/ or companies, and very substantial acquisition and reverse takeover, the listed company shall provide an accountants' report for the 3 preceding financial years on the business, company or companies being acquired.

With respect to a very substantial disposal of a business or company, the listed issuer may provide financial information reviewed by its auditors or an accountants' report for the 3 preceding financial years on the business or company being disposed of.

For a major transaction, very substantial disposal and very substantial acquisition, the shareholders' approval is required, while the approvals from both the shareholders and the Stock Exchange are required for reverse takeover.

Rule 1007, Listing Manual

(1) If any of the relative figures computed pursuant to Rule 1006 is a negative figure, Chapter 10 of the Listing Manual may still be applicable to the transaction at the discretion of the SGX-ST, and issuers should consult the SGX-ST.

(2) Where the disposal of an issuer's interest in a subsidiary is undertaken in conjunction with an issue of shares by that subsidiary, the relative figures in Rule 1006 must be computed based on the disposal and the issue of shares.

Summarily, transactions are categorised as follows:-

- Non-Discloseable Transaction: Where all of the relative figures in Rule 1006 is 5% or less
- Discloseable Transaction: Where any of the relative figures in Rule 1006 exceeds 5% but does not exceed 20%

- Major Transaction: Where any of the relative figures in Rule 1006 exceeds 20%

- Very Substantial Acquisition or Reverse Takeover: Where any of the relative figures in Rule 1006 is 100% or more, or where there is a change in control of the issuer

Rule 1008(1), Listing Manual

Where a transaction is classified as a Non-Disclosable Transaction, unless Rule 703, 905 or 1009 of the Listing Manual applies, no announcement of the transaction is required.

Rule 1009, Listing Manual

If the consideration is satisfied wholly or partly in securities for which listing is being sought, the issuer must announce the transaction as soon as possible after the terms have been agreed, stating the information set out in Chapter 10 Part VI of the Listing Manual.

Rule 1010, Rule 1014(1) and Rule 1015(1), Listing Manual

Where a transaction is classified as a Discloseable Transaction, Major Transaction or Very Substantial Acquisition/ Reverse Takeover, the Company must make an immediate announcement, which includes the details prescribed in Rule 1010 of the Listing Manual (as set out below).

(1) Particulars of the assets acquired or disposed of, including the name of any company or business, where applicable;

(2) A description of the trade carried on, if any;

(3) The aggregate value of the consideration, stating the factors taken into account in arriving at it and how it will be satisfied, including the terms of payment;

(4) Whether there are any material conditions attaching to the transaction including a put, call or other option and details thereof;

(5) The value (book value, net tangible asset value and the latest available open market value) of the assets being acquired or disposed of, and in respect of the latest available valuation, the value placed on the assets, the party who commissioned the valuation and the basis and date of such valuation;

(6) In the case of a disposal, the excess or deficit of the proceeds over the book value, and the intended use of the sale proceeds. In the case of an acquisition, the source(s) of funds for the acquisition;

(7) The net profits attributable to the assets being acquired or disposed of. In the case of a disposal, the amount of any gain or loss on disposal;

(8) The effect of the transaction on the net tangible assets per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the end of that financial year;

(9) The effect of the transaction on the earnings per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the beginning of that financial year;

(10) The rationale for the transaction including the benefits which are expected to accrue to the issuer as a result of the transaction;

(11) Whether any director or controlling shareholder has any interest, direct or indirect, in the transaction and the nature of such interests;

(12) Details of any service contracts of the directors proposed to be appointed to the issuer in connection with the transaction; and

(13) The relative figures that were computed on the bases set out in Rule 1006.

Rule 1014(2) and Rule 1015(2) of the Listing Manual

Further, transactions that are Major Transactions or Very Substantial Acquisitions/ Reverse Takeovers are subject to the prior approval of shareholders. A circular to shareholders will need to be distributed to seek such approval. The disclosures required to be made in such circular for these types of transactions are prescribed in the Listing Manual.

Rule 1014(2) and Rule 1015(2) of the Listing Manual

Further, transactions that are Major Transactions or Very Substantial Acquisitions/ Reverse Takeovers are subject to the prior approval of shareholders. A circular to shareholders will need to be distributed to seek such approval. The disclosures required to be made in such circular for these types of transactions are prescribed in the Listing Manual.

			Rule 1015(1)(b) and Rule 1015(2) of the Listing Manual For transactions that are Very Substantial Acquisitions or Reverse Takeovers, the issuer must also announce, inter alia, the latest three years of proforma financial information of the assets to be acquired and obtain the approval of shareholders and approval of the SGX-ST. The enlarged group must also comply with the requirements in Rule 1015(3) of the Listing Manual.
(A)	Connected transactions**	**Chapter 14A of the Listing Rules** A listed company must publicly disclose a transaction entered into between the listed company or one of its subsidiaries and a connected person. Generally, a public announcement, a circular and/or independent shareholder approval are required unless one of the de minimis or other exemptions set out below apply.	**Chapter 9 of the Listing Manual** Chapter 9 of the Listing Manual, which applies to the listed company, prescribes situations in which transactions between entities at risk (as defined in the Listing Manual) and interested persons (as defined in the Listing Manual) are required to be disclosed or are subject to the prior approval of shareholders.

The term 'connected person' is very widely defined under the Listing Rules and include directors, chief executive, substantial shareholders (i.e. shareholders interested in 10% or more of the voting power in the listed company or any of its subsidiaries), associates (as defined under the Listing Rules) of directors, chief executive or substantial shareholders, non-wholly-owned subsidiaries of the listed company held by a connected person at the listed company level as to 10% or more of its voting power and its subsidiaries.

Connected transactions or continuing connected transactions exempt from the reporting, announcement and independent shareholders' approval requirements:

A connected transaction or continuing connected transaction on normal commercial terms will be considered as de minimis transaction if each or all of the percentage ratios (other than the profits ratio) is/are (a) less than 0.1%; or (b) less than 1% and the transaction is a connected transaction only because it involves a person who is a connected person of the listed company by virtue of its/his relationship(s) with the listed company's subsidiary or subsidiaries; or (c) less than 5% and the total consideration is less than HK$1 million, such connected transaction will be exempt from all the reporting, announcement and independent shareholders' approval requirements.

Rule 904, Listing Manual

For the purposes of Chapter 9, the following definitions apply:-

(1) "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to this Chapter.

(2) "**entity at risk**" means:

(a) the issuer;

(b) a subsidiary of the issuer that is not listed on the SGX-ST or an approved exchange; or

(c) an associated company of the issuer that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company.

Connected transactions exempt from the independent shareholders' approval requirements:

A connected transaction or continuing connected transaction on normal commercial terms where (a) each of the percentage ratios (other than the profits ratio) is less than 5%; or (b) each of the percentage ratios (other than the profits ratio) is less than 25% and the total consideration is less than HK$10 million, then such transaction is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements.

Exemptions

The following connected transactions are not required to comply with the reporting, announcement and independent shareholders approval requirements:

(1) intra-group transactions;

(2) de minimis transactions;

(3) issue of new securities under circumstances specified in Rule 14A.31(3) of the Listing Rules;

(3) "**financial assistance**" includes:

(a) the lending or borrowing of money, the guaranteeing or providing security for a debt incurred or the indemnifying of a guarantor for guaranteeing or providing security; and

(b) the forgiving of a debt, the releasing of or neglect in enforcing an obligation of another, or the assuming of the obligations of another.

(4) In the case of a company, "interested person" means:

(a) a director, chief executive officer, or controlling shareholder of the issuer; or

(b) an associate of any such director, chief executive officer, or controlling shareholder.

(4) stock exchange dealings under circumstances specified in Rule 14A.31(4) of the Listing Rules;

(5) purchase of own securities under circumstances specified in Rule 14A.31(5) of the Listing Rules;

(6) directors' service contracts for less than 3 years and requiring not more than one year's notice to terminate;

(7) consumer goods or consumer services under circumstances specified in Rule 14A.31(7) of the Listing Rules;

(8) sharing of administrative services under circumstances specified in Rule 14A.31(8) of the Listing Rules;

(9) transactions with persons connected at the level of subsidiaries under circumstances specified in Rule 14A.31(9) of the Listing Rules; and

(10) transactions with associates of a passive investor under circumstances specified in Rule 14A.31(10) of the Listing Rules.

(5) "**interested person transaction**" means a transaction between an entity at risk and an interested person.

(6) "**transaction**" includes:-

(a) the provision or receipt of financial assistance;

(b) the acquisition, disposal or leasing of assets;

(c) the provision or receipt of services;

(d) the issuance or subscription of securities;

(e) the granting of or being granted options; and

(f) the establishment of joint ventures or joint investments;

whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities).

The following continuing connected transactions are not required to comply with the reporting, annual review, announcement and independent shareholders' approval requirements:

(1) consumer goods or consumer services under circumstances specified in Rule 14A.31(7) of the Listing Rules;

(2) sharing of administrative services under circumstances specified in Rule 14A.31(8) of the Listing Rules;

(3) de minimis transactions;

(4) transactions with persons connected at the level of subsidiaries under circumstances specified in Rule 14A.31(9) of the Listing Rules; and

(5) transactions with associates of a passive investor under circumstances specified in Rule 14A.31(10) of the Listing Rules.

When Announcement required

Rule 905, Listing Manual

(1) An issuer must make an immediate announcement of any interested person transaction of a value equal to, or more than, 3% of the group's latest audited net tangible assets.

(2) If the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the group's latest audited net tangible assets, the issuer must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year.

(3) Rule 905(1) and (2) does not apply to any transaction below $100,000.

When Shareholder Approval Is Required

Rule 906, Listing Manual

(1) An issuer must obtain shareholder approval for any interested person transaction of a value equal to, or more than:–

(a) 5% of the group's latest audited net tangible assets; or

(b) 5% of the group's latest audited net tangible assets, when aggregated with other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

(2) Rule 906(1) does not apply to any transaction below $100,000.

3. Issuance Of Shares And Shares Repurchase Requirements

(A)	General mandate to issue shares**	**Rule 13.36(2)(b) of the Listing Rules** The existing shareholders of the listed company may by an ordinary resolution in general meeting give a general mandate to the directors of the listed company to issue new shares which shall be subject to a restriction that the aggregate number of securities allotted or agreed to be allotted under the general mandate must not exceed the aggregate of 20% of the existing issued share capital of the listed company plus the number of such securities repurchased by the listed company itself since the granting of the general mandate (up to a maximum number equivalent to 10% of the existing issued share capital of the listed company), provided that the existing shareholders of the listed company have by a separate ordinary resolution in general meeting given a general mandate to the directors of the listed company to add such repurchased securities to the 20% general mandate.	**Rule 806(2) of the Listing Manual** A general mandate must limit the aggregate number of shares and convertible securities that may be issued. The limit must be not more than 50% of the total number of issued shares excluding treasury shares, of which the aggregate number of shares and convertible securities issued other than on a pro rata basis to existing shareholders must be not more than 20% of the total number of issued shares excluding treasury shares. Unless prior shareholder approval is required under the Listing Manual, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits.

Rule 13.36(3) of the Listing Rules

A general mandate given under rule 13.36(2) of the Listing Rules shall only continue in force until the earlier of (a) the conclusion of the first annual general meeting of the listed company following the passing of the resolution at which time it shall lapse unless, by ordinary resolution passed at that meeting, the mandate is renewed, either unconditionally or subject to conditions; and (b) revoked or varied by an ordinary resolution of the shareholders in general meeting.

Rule 806(6), SGX Listing Manual

A general mandate may remain in force until the earlier of (a) the conclusion of the first annual general meeting of the listed company following the passing of the resolution. By an ordinary resolution passed at that meeting, the mandate may be renewed, either unconditionally or subject to conditions; or (b) it is revoked or varied by ordinary resolution of the shareholders in general meeting.

Rule 13.36(5) of the Listing Rules

In case of a placing of securities for cash consideration, the issuer may not issue any securities pursuant to a general mandate given by its shareholders if the relevant price represents a discount of 20% or more to the benchmarked price of the securities prescribed under the Listing Rules, unless the Stock Exchange is satisfied that the issuer is in a serious financial position and the only way that it can be saved is by an urgent rescue operation, or that there are other exceptional circumstances.

Rule 811, Listing Manual

(1) An issue of shares must not priced at more than 10% discount to the weighted average price for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed. If trading in the issuer's shares is not available for a full market day, the weighted average price must be based on the trades done on the preceding market day up to the time the placement agreement is signed.

Such benchmarked price shall be the higher of:

(a) the closing price on the date of the relevant placing agreement or other agreement involving the proposed issue of securities under the general mandate; and

(b) the average closing price in the 5 trading days immediately prior to the earlier of:

(i) the date of announcement of the placing or the proposed transaction or arrangement involving the proposed issue of securities under the general mandate;

(ii) the date of the placing agreement or other agreement involving the proposed issue of securities under the general mandate; and

(iii) the date on which the placing or subscription price is fixed.

(2) An issue of company warrants or other convertible securities is subject to the following requirements:

(a) if the conversion price is fixed, the price must not be more than 10% discount to the prevailing market price of the underlying shares prior to the signing of the placement or subscription agreement.

(b) if the conversion price is based on a formula, any discount in the pricefixing formula must not be more than 10% of the prevailing market price of the underlying shares before conversion.

(3) Rule 811(1) and (2) is not applicable if specific shareholder approval is obtained for the issue of shares, company warrants or other convertible securities.

			(4) Where specific shareholders' approval is sought, the circular must include the following: (a) information required under Rule 810 of the Listing Manual; and (b) the basis upon which the discount was determined.
(B)	Repurchase mandate**	**Rule 10.05 of the Listing Rules** Subject to the provisions of the Hong Kong Code on Share Repurchases, a listed company may purchase on the Stock Exchange or on another stock exchange recognized for this purpose by the SFC and the Stock Exchange up to 10% of its total issued shares as at the date of the shareholders' resolution granting the general mandate to repurchase shares. All such purchases must be made in accordance with Rule 10.06 of the Listing Rules. The Hong Kong Code on Share Repurchases must be complied with by a listed company and its directors and any breach thereof by a listed company will be a deemed breach of the Listing Rules and the Stock Exchange may in its absolute discretion take such action to penalize any breach of this Rule 10.05 or the listing agreement as it shall think appropriate. It is for the listed company to satisfy itself that a proposed purchase of shares does not contravene the Hong Kong Code on Share Repurchases.	**Rule 882 of the Listing Manual** A share buy-back may only be made on the SGX-ST or on another stock exchange on which the listed company's securities are listed ("Market Acquisitions") or by way of an off-market acquisition in accordance with an equal access scheme as defined in section 76C of the Singapore Companies Act. **Rule 881 of the Listing Manual** A listed company may purchase its own shares if it has obtained the prior specific approval of shareholders in general meeting.

		Rule 10.06(2) of the Listing Rules	**Rule 884 of the Listing Manual**
		A listed company shall not purchase its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the 5 preceding trading days on which its shares were traded on the Stock Exchange; and a listed company shall not purchase its shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.	In the case of a Market Acquisition, the purchase price must be at a price which is not more than 5% of the Average Closing Price. The term "Average Closing Price" means the average of the closing market prices of a share over the last 5 market days preceding the day of the Market Purchase on which transactions in the shares were recorded and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period.
(C)	Minimum public float**	**Rule 8.08 of the Listing Rules**	**Rule 723 of the Listing Manual**
		There must be an open market in the securities for which listing is sought. This will normally mean at least 25% of the listed company's total issued share capital must at all times be held by the public, although if the market capitalization of the company is over HK$10 billion, the Stock Exchange may accept a percentage of between 15% and 25%. In addition, there must be a minimum of 300 public shareholders and not more than 50% of the shares in public hands at the time of listing can be beneficially owned by the three largest public shareholders save for circumstances specified in Rule 8.08(3) of the Listing Rules.	A listed company must ensure that at least 10% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by the public.

(D)	Share option scheme**	**Chapter 17 of the Listing Rules** The share option scheme of a listed company or any of its subsidiaries must be approved by shareholders of the listed company in general meeting. The total number of securities which may be issued upon exercise of all options to be granted under the scheme and any other schemes must not in aggregate exceed 10% of the relevant class of securities of the listed company (or the subsidiary) in issue as of the date of approval of the scheme. Options lapsed in accordance with the terms of the scheme will not be counted for the purpose of calculating the 10% limit. The number of securities which may be issued upon exercise of all outstanding options granted and yet to be exercised under the scheme and any other schemes must not exceed 30% of the relevant class of securities of the listed company (or the subsidiary) in issue from time to time. No options may be granted under any schemes of the listed company (or the subsidiary) if this will result in the limit being exceeded. The period within which the securities must be taken up under the option must not be more than 10 years from the date of grant of the option, and the life of the scheme must not be more than 10 years.	**Rules 843 to 861 of the Listing Manual** **Rule 843(3) of the Listing Manual** The approval of a listed company's shareholders must be obtained for any share option scheme or share scheme implemented by the listed company or its principal subsidiaries. **Rule 845 of the Listing Manual** A limit on the size of each scheme, the maximum entitlement for each class or category of participant (where applicable), and the maximum entitlement for any one participant (where applicable) must be stated. For the companies listed on the main board of the SGX-ST, the following limits must not be exceeded:

The exercise price must be at least the higher of: (i) the closing price of the securities as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (ii) the average closing price of the securities as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant. For the purpose of calculating the exercise price where a listed company has been listed for less than five business days, the new issue price shall be used as the closing price for any business day falling within the period before listing.

In addition to the shareholders' approval, each grant of options to a director, chief executive or substantial shareholder of a listed company, or any of their respective associates, under a scheme of the listed company or any of its subsidiaries must comply with the requirements of Rule 17.04(1) of the Listing Rules. Each grant of options to any of these persons must be approved by independent non-executive directors of the listed company (excluding independent non-executive director who is the grantee of the options).

(1) the aggregate number of shares available under all schemes must not exceed 15% of the total number of issued shares excluding treasury shares from time to time;

(2) the aggregate number of shares available to controlling shareholders and their associates must not exceed 25% of the shares available under a scheme;

(3) the number of shares available to each controlling shareholder or his associate must not exceed 10% of the shares available under a scheme;

(4) the aggregate number of shares available to directors and employees of the listed company's parent company and its subsidiaries must not exceed 20% of the shares available under a scheme; and

(5) the maximum discount under the scheme must not exceed 20%. The discount must have been approved by shareholders in a separate resolution.

Where any grant of options to a substantial shareholder or an independent non-executive director of the listed company, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant, (a) representing in aggregate over 0.1% of the relevant class of securities in issue; and (b) (where the securities are listed on the Stock Exchange), having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK$5 million, such further grant of options must be approved by shareholders of the listed company.

The listed company must send a circular to the shareholders. All connected persons of the listed company must abstain from voting in favor at such general meeting.

Rule 847 of the Listing Manual

The exercise price of options to be granted must be set out in the scheme. Options granted at a discount may be exercisable after 2 years from the date of grant. Other options may be exercisable after 1 year from the date of grant.

4. Other Obligations

(A)	Disclosure of interest*	The Listing Rules require that the interests held by directors and chief executives and substantial shareholders (i.e. shareholders interested in 10% or more of the voting power) be disclosed in annual reports, interim reports and circulars of the listed company. The SFO provides that a substantial shareholder (i.e. shareholder interested in 5% or more of the shares in the listed company) is required to disclose his interest, and short positions, in the shares of the listed company, within ten business days after first becoming a substantial shareholder, or to disclose his changes in percentage figures of his shareholdings in the listed company or ceasing to be a substantial shareholder within three business days after becoming aware of the relevant events. The above changes in percentage figures of shareholdings refer to an increase or decrease in the percentage level of the holding of a substantial shareholder in the listed company that results in his interest crossing over a whole percentage number which is above 5%.	**Rule 704(3) of the Listing Manual** A listed company must immediately announce any notice of substantial shareholders' and directors' interests in the listed company's securities or changes thereof received by the listed company. Such notice must contain the particulars as set out in Appendix 7.3 of the Listing Manual. **Sections 81 to 84 of the Singapore Companies Act and section 137 of the SFA** **Section 81 of the Singapore Companies Act** A person has a substantial shareholding in a company if he has an "interest" in voting shares in the company, and the total votes attached to those shares is not less than 5 per cent of the total votes attached to all the voting shares in the company. **Section 83(1) of the Singapore Companies Act** A substantial shareholder is required to notify the company and the SGX-ST of changes in the "percentage level" of his shareholding or his ceasing to be a substantial shareholder, again within two business days after becoming a substantial shareholder or aware of such changes.

For example, the interest of a substantial shareholder increases from 6.8% to 7.1% which crosses over 7%, then he is required to submit the notifications; but if his interest increases from 6.1% to 6.9%, he is not required to make notification. To work out the "percentage level" of the interest, a substantial shareholder simply rounds down the percentage figure of his interest to the next whole number.

A director or a chief executive of a listed company is required to disclose his interest and short position in any shares in a listed company (or any of its associated companies) and their interest in any debentures of the listed company (or any of its associated companies) within ten business days after becoming a director or chief executives of the listed company or within three business days after becoming aware of the relevant event.

Section 83(3) of the Singapore Companies Act

The reference to changes in "percentage level" means any changes in a substantial shareholder's interest in the company which results in his interest, following such change, increasing or decreasing to the next discrete 1% threshold. For example, an increase in interests in the company from 5.1% to 5.9% need not be notified, but an increase from 5.9% to 6.1% will have to be notified.

Sections 165 and 166 of the Singapore Companies Act

A director of a listed company is required to notify the listed company and the SGX-ST within two business days after the date on which he became a director or the date on which he became a registered holder or acquired an interest in the shares, debentures, participatory interests, rights, options or contracts.

		If a person, who is both a substantial shareholder and a director of the listed company concerned under the SFO, such person may have separate duties to file notices (one in each capacity) as a result of a single event. For example, a person who is interested in 5.9% of the shares of a listed company and buys a further 0.2% will have to file a notice because he is a director (and therefore has to disclose all transactions) and will also have to file a notice as a substantial shareholder because his interest has crossed the 6% level.	
(B)	Continuing obligations***	**Chapter 13 of the Listing Rules sets out the continuing obligations of a listed company to disclose information.**	**Chapter 7 of the Listing Manual sets out the continuing obligation of a listed company to disclose material information.**
(C)	Board composition and other committees**	**Rules 3.10 and 8.12 of the Listing Rules** Every board of directors of a listed company must include at least three independent non-executive directors. A new applicant applying for a primary listing on the Stock Exchange must have sufficient management presence in Hong Kong, which normally means to have at least two of its executive directors be ordinarily resident of Hong Kong.	**Rule 720 of the Listing Manual** Foreign listed companies are required to have at least two independent directors who are Singapore residents on the Board of Directors on a continuing basis, and not just on listing. **Rule 11 of the Code of Corporate Governance ("COCG")** The board or directors should establish an audit committee with written terms of reference which clearly set out its authority and duties.

Rules 3.21, 3.22 and paragraph C.3 of Appendix 14 of the Listing Rules Every listed company must establish an audit committee comprising non-executive directors only. The audit committee must comprise a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise. The board of directors of the listed company must approve and provide written terms of reference for the audit committee.	**Rule 11.1 of COCG** The audit committee should comprise at least three directors, all non-executive, the majority of whom including the chairman should be independent. **Rule 11.2 of COCG** The board of directors should ensure that at least 2 members of the audit committee should have accounting or related financial management expertise or experience.
Rule 3.25 & paragraph B.1 of Appendix 14 of the Listing Rules It is a recommended best practice that listed companies should establish a remuneration committee with specific written terms of reference. A majority of the members of the remuneration committee should be independent non-executive directors.	**Rule 7.1 of COCG** The board of directors should set up a remuneration committee comprising entirely of nonexecutive directors, the majority of whom, including the chairman should be independent. **Rule 4.1 of COCG** Companies should establish a nominating committee to make recommendations to the board on all board appointments. The nomination committee should comprise at least 3 directors, a majority of whom, including the chairman should be independent. In addition, the chairman of the nomination committee should be a director who is not, or who is not directly associated with a substantial shareholder (with interest of 5% or more in the voting shares of the company).

* *represents the Listing Manual generally has more onerous requirements.*

** *represents the Listing Rules generally has more onerous requirements.*

*** *represents the Listing Manual and the Listing Rules generally have similar requirements.*

FURTHER INFORMATION ABOUT THE COMPANY AND ITS SUBSIDIARIES

1. Incorporation of the Company

Our Company was incorporated in Bermuda under the Bermuda Companies Act as an exempted company with limited liability under the name "Courage Marine Group Limited" on 5 April 2005. Pursuant to a special resolution of our Company passed on 11 April 2011, the secondary name of our Company "勇利航業集團有限公司" was adopted with effect from 12 April 2011.

Our Company has established a principal place of business in Hong Kong at Suite 1801, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong and was registered in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance, with Hon Kwok Ping Lawrence of Suite 1801, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong appointed as the authorized representative of our Company, and he has been appointed by our Company for the acceptance of service of process and any documents and notices on behalf of our Company in Hong Kong under Part XI of the Companies Ordinance.

As our Company was incorporated in Bermuda, it operates subject to the Bermuda Companies Act, its memorandum of association and the New Bye-laws. A summary of various provisions of its memorandum of association and the New Bye-laws and relevant aspects of Bermuda company law is set out in Appendix IV to this document.

2. Changes in share capital of the Company

There has been no alteration in the share capital of our Company within two years immediately preceding the date of this document.

3. Changes in the share capital of subsidiaries of the Company

The subsidiaries of our Company are listed in the Accountants' Report set out in Appendix I to this document. The alterations in the share capital of each of our Company's subsidiaries which took place within the two years immediately preceding the date of this document are as follows:

(a) Cape Ore

Cape Ore was incorporated in Panama as Panamanian corporation on 27 January 2010. On 27 January 2010, 100 common shares in Cape Ore were issued and allotted to Courage Marine Holdings at par and Cape Ore became a wholly-owned subsidiary of our Company.

(b) Panamax Leader Marine

Panamax Leader Marine was incorporated in Panama as Panamanian corporation on 26 April 2010. On 26 April 2010, 100 common shares in Panamax Leader Marine were issued and allotted to Courage Marine Holdings at par and Panamax Leader Marine became a wholly-owned subsidiary of our Company.

(c) Courage Marine Property

Courage Marine Property was incorporated in Hong Kong as a limited liability company on 1 June 2010. On the date of incorporation, 1 ordinary share of HK$1 was issued and allotted to Courage Marine HK. On 22 February 2011, 9,999 ordinary shares of HK$1 were further issued and allotted to Courage Marine HK.

(d) Harmony

Harmony was incorporated in BVI as a business company on 7 October 2010. On 14 October 2010, 417 and 583 ordinary shares of US$1 were issued and allotted to Courage Amego and Mr. Chang respectively.

Saved as disclosed above, there has been no alteration in the share capital of any of the subsidiaries of our Company within two years immediately preceding the date of this document.

4. Resolutions of the Members passed at the Company's annual general meeting held on 27 April 2011

At the annual general meeting held on 27 April 2011, the following resolutions were passed:

Authority to issue shares

That pursuant to the Bye-laws and the listing rules, guidelines and measures issued by SGX-ST, authority be and was given to the Directors of the Company to:

(i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, convertible securities or other instruments convertible into shares; and/or

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalization issues notwithstanding that this mandate may have ceased to be in force at the time the Instruments are issued; and/or

(iv) issue shares in pursuance of any Instrument made or granted by the Directors pursuant to (ii) and (iii) above, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit (notwithstanding that the authority conferred by this Resolution may have ceased to be in force), provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty (50) per cent. of the issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty (20) per cent. of the issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (2) below);

(2) for the purpose of this Resolution, the percentage of issued shares shall be based on the Company's issued share capital excluding treasury shares at the time this Resolution is passed (after adjusting for (a) new shares arising from the conversion or exercise of convertible securities or share options or vesting of share awards that are outstanding or subsisting at the time this Resolution is passed provided the options or awards were granted in compliance with the Listing Manual of the SGX-ST; and (b) any subsequent bonus issue, consolidation or subdivision of shares); and

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-laws for the time being of the Company.

5. Resolutions of the Members passed at the Company's special general meeting held on 11 April 2011

At a special general meeting of the Company held on 11 April 2011, the following resolutions were passed:

ORDINARY RESOLUTION 1 – THE PROPOSED DUAL PRIMARY LISTING OF ALL THE COMPANY'S SHARES ON THE MAIN BOARD ("SEHK LISTING") INVOLVING THE PROPOSED OFFER OF UP TO 184,144,227 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY ("OFFER SHARES") BY THE COMPANY, AND UP TO 27,621,634 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE "ADDITIONAL SHARES", TOGETHER WITH OFFER SHARES, THE "NEW SHARES") IN THE EVENT OF THE EXERCISE OF AN OVER-ALLOTMENT OPTION TO BE CARRIED OUT IN CONJUNCTION WITH THE SEHK LISTING ("SHARE OFFER")

(1) the dual primary listing of all the Shares on the Main Board and all matters relating thereto be approved and authorised;

(2) the issue of the Offer Shares and the Additional Shares (in the event of the exercise of an over-allotment option) in the Share Offer at a price per New Share ("**Offer Price**") pursuant to such structure, in such manner, on such terms and at such time as the Board may determine and all matters relating thereto be approved and authorised and notwithstanding that the authority conferred by this Resolution may have ceased to be in force, issue the New Shares in pursuance of any offer or agreement made or option granted by the Directors while this Resolution was in force; and

(3) the Company and any Director be authorised to take all necessary steps, to do all such acts and things and sign all such documents and deeds (including approving any matters in relation to the SEHK Listing) as they may consider necessary, desirable or expedient to give effect to or carrying into effect this Ordinary Resolution, provided where the Company seal is required to be affixed to the documents and deeds, such documents and deeds shall be signed and the Company seal shall be affixed in accordance with the Bye-laws.

ORDINARY RESOLUTION 2 – THE PROPOSED ISSUE AND ALLOTMENT OF THE NEW SHARES AT AN OFFER PRICE OF NO MORE THAN A 10% DISCOUNT TO THE SGX-ST MARKET PRICE

(1) the Offer Price of the New Shares, being at a discount, if any, of no more than a 10% discount to the SGX-ST Market Price (or the par value of the New Shares, whichever is the higher), be and was approved; and

(2) that in the determination of the final Offer Price of the New Shares and approving any matters in relation to the Share Offer, the Company and any Director be authorised to take all necessary steps, to do all such acts and things and sign all such documents and deeds as they may consider necessary, desirable or expedient to give effect to or carrying into effect this Ordinary Resolution, provided where the Company seal is required to be affixed to the documents and deeds, such documents and deeds shall be signed and the Company seal shall be affixed in accordance with the Bye-laws.

The SGX-ST Market Price refers to either (i) the weighted average price for trades of the Shares done on the SGX-ST for 5 full Market Days on which the final Offer Price is determined; or (ii) the average closing price for trades of the Shares done on the SGX-ST for 5 full Market Days on which the final Offer Price is determined, as may be determined jointly by the lead manager and the Company.

ORDINARY RESOLUTION 3 – THE PROPOSED TERMINATION OF THE COURAGE MARINE EMPLOYEE SHARE OPTION SCHEME

(1) Subject to the listing of the Shares, and the New Shares on the Stock Exchange approval be and was given for the termination of the Share Option Scheme; and

(2) the Directors be and were authorised to do any act or thing or take such steps as may be necessary to facilitate or as may be incidental in connection with the termination of the Share Option Scheme.

Please also refer to Ordinary Resolution 2 set out in paragraph 6 below headed "Resolutions of the Members passed at the Company's special general meeting held on 1 June 2011" in this section.

ORDINARY RESOLUTION 4 – THE PROPOSED SHARE BUY BACK MANDATE

(a) The exercise by the Directors of all the powers of the Company to purchase or otherwise acquire ordinary shares of par value US$0.018 each fully paid in the capital of the Company not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchase(s) (each a "**Market Purchase**") on the SGX-ST or the Stock Exchange; and/or

(ii) off-market purchase(s) (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST or the Stock Exchange in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Listing Manual and The Codes on Takeovers and Mergers and Share Repurchases of Hong Kong ("**HK Takeover Code**"),

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Bermuda Companies Act, the Bye-laws, the Listing Manual and the Listing Rules, the HK Takeover Code, be and was authorised and approved generally and unconditionally (the "Share Buy Back Mandate") Provided That:–

(i) the exercise by the Directors of the powers of the Company to make Market Purchases and Off-Market Purchases on the Stock Exchange shall be contingent upon and subject to the SEHK Listing;

(ii) the exercise by the Directors of the powers of the Company to make Off-Market Purchases on the Stock Exchange shall be contingent upon and subject to the Company complying with all applicable conditions and requirements as required under the HK Takeover Code;

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

(i) the conclusion of the next annual general meeting of the Company is held or date by which such annual general meeting is required to be held;

(ii) the date on which the share buy-backs are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buy Back Mandate is varied or revoked;

(c) for purposes of this Resolution:

"**Maximum Limit**" means ten per cent. (10%) of the total issued ordinary shares of the Company as at the date of the last annual general meeting of the Company or the date of the passing of this Resolution, whichever is the higher, unless the Company has effected a reduction of the share capital of the Company (other than a reduction by virtue of a share buy-back) in accordance with the applicable provisions of the Bermuda Companies Act, at any time during the Relevant Period (as hereinafter defined) in which event the issued ordinary shares of the Company shall be taken to be the total number of the issued ordinary shares of the Company as altered by such capital reduction (the total number of ordinary shares shall exclude any ordinary shares that may be held as treasury shares by the Company from time to time);

"**Relevant Period**" means the period commencing from the date on which the last annual general meeting of the Company was held and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier, after the date of this Resolution;

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase, five per cent. (5%) above the average of the closing market prices of the Shares over the five (5) Market Days on which transactions in the Shares were recorded before the day on which the Market Purchase was made by the Company and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period; and

(ii) in the case of an Off-Market Purchase, twenty per cent. (20%) above the average of the closing market prices of the Shares over the five (5) Market Days on which transactions in the Shares were recorded before the day on which the Company makes an announcement of an offer under the Off-Market Purchase scheme and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

(d) the number of shares which may in aggregate be purchased or acquired by the Company during any one financial year of the Company shall be subject to the Maximum Limit;

(e) the Directors and/or any of them be and were authorised to deal with the shares purchased by the Company, pursuant to the Share Buy Back Mandate in any manner as they think fit, which is permitted under the Bermuda Companies Act, the Listing Manual, the HK Takeover Code and the Listing Rules; and

(f) the Directors and/or any of them be and were authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution.

SPECIAL RESOLUTION 1 – THE PROPOSED ADOPTION OF NEW BYE-LAWS OF THE COMPANY

That, subject to the listing of the Shares and the New Shares on the Stock Exchange, the New Bye-laws be and were adopted as the Bye-laws in substitution for and to the exclusion of all the existing Bye-laws of the Company, such adoption to take effect on the date of the listing of the Shares and the New Shares on the Stock Exchange.

SPECIAL RESOLUTION 2 – THE PROPOSED ADOPTION BY THE COMPANY OF THE CHINESE NAME "勇利航業集團有限公司" AS ITS SECONDARY NAME

That the Chinese name "勇利航業集團有限公司" be and was adopted as the Company's secondary name and the Company and any Director be and was authorised to exercise such discretion, to complete and do all such acts and things, including without limitation, to sign, to seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they may consider necessary, desirable or expedient to give effect to this resolution as they may think fit.

More information on the resolutions can be found in the announcement of our Company released on the SGX-ST on 17 March 2011, the results of the special general meeting announced on 11 April 2011 and the circular to the Members dated 17 March 2011.

6. Resolutions of the Members passed at the Company's special general meeting held on 1 June 2011

At a special general meeting of the Company held on 1 June 2011, the following resolutions were passed:

ORDINARY RESOLUTION 1 – THE PROPOSED LISTING BY WAY OF INTRODUCTION OF THE COMPANY'S SHARES IN ISSUE ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED ("INTRODUCTION LISTING")

(1) Approval be and was given for the Introduction Listing and all matters relating thereto; and

(2) Any Director be and was authorised and empowered to:

(i) prepare, sign or otherwise execute and deliver all notices, agreements, deeds, undertakings and documents (including filings and/or lodgement thereof with the relevant authorities) in connection with the Introduction Listing; and

(ii) exercise all discretions, take all steps and do all acts and things necessary or expedient (including authorising the affixing of the common seal of the Company in accordance with the Memorandum of Association and Bye-laws of the Company) to give effect to the Introduction Listing and all other matters referred to or contemplated hereunder.

SPECIAL RESOLUTION 1 – THE RE-ADOPTION OF NEW BYE-LAWS OF THE COMPANY

(1) The new Bye-laws of the Company as set out in Appendix IV of the circular dated 9 May 2011 which were adopted at the special general meeting of the Company held on 11 April 2011 ("Earlier SGM") be and were re-adopted as the Bye-laws in substitution for and to the exclusion of all the existing Bye-laws, such re-adoption to take effect on the date of the listing of the Shares on the Stock Exchange, and the special resolution 1 (approving the adoption of new Bye-laws) duly passed in the Earlier SGM be and was amended accordingly.

(2) Any Director be and was authorised and empowered to do any act or thing or take such steps as may be necessary to facilitate or as may be incidental in connection with the proposed re-adoption of the new Bye-laws.

ORDINARY RESOLUTION 2 – THE RE-APPROVAL OF THE PROPOSED TERMINATION OF THE COURAGE MARINE EMPLOYEE SHARE OPTION SCHEME

(1) The Share Option Scheme be and was terminated and the ordinary resolution 3 (approving the termination of the Share Option Scheme) duly passed in the Earlier SGM be and was amended and superseded accordingly.

(2) Any Director be and was authorised and empowered to do any act or thing or take such steps as may be necessary to facilitate or as may be incidental in connection with the proposed termination of the Share Option Scheme.

ORDINARY RESOLUTION 3 – THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

(1) The exercise by the Directors of all the powers of the Company to purchase or otherwise acquire ordinary shares of par value US$0.018 each fully paid in the capital of the Company not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchase(s) (each a "**Market Purchase**") on the SGX-ST or the Stock Exchange; and/or

(ii) off-market purchase(s) (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST or Stock Exchange in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Listing Manual and The Codes on Takeovers and Mergers and Share Repurchases of Hong Kong ("**HK Takeover Code**"),

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Bermuda Companies Act, the Bye-laws, the Listing Manual and the Listing Rules, the HK Takeover Code, be and was authorised and approved generally and unconditionally (the "**Share Buy Back Mandate**") Provided That:–

(i) the exercise by the Directors of the powers of the Company to make Market Purchases and Off-Market Purchases on the Stock Exchange shall be contingent upon and subject to the Introduction Listing;

(ii) the exercise by the Directors of the powers of the Company to make Off-Market Purchases on the Stock Exchange shall be contingent upon and subject to the Company complying with all applicable conditions and requirements as required under the HK Takeover Code;

(2) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

(i) the conclusion of the next annual general meeting of the Company is held or date by which such annual general meeting is required to be held;

(ii) the date on which the share buy-backs are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buy Back Mandate is varied or revoked;

(3) for purposes of this Resolution:

"**Maximum Limit**" means ten per cent. (10%) of the total issued ordinary shares of the Company as at the date of the last annual general meeting of the Company or the date of the passing of this Resolution, whichever is the higher, unless the Company has effected a reduction of the share capital of the Company (other than a reduction by virtue of a share buy-back) in accordance with the applicable provisions of the Bermuda Companies Act, at any time during the Relevant Period (as hereinafter defined) in which event the

issued ordinary shares of the Company shall be taken to be the total number of the issued ordinary shares of the Company as altered by such capital reduction (the total number of ordinary shares shall exclude any ordinary shares that may be held as treasury shares by the Company from time to time);

"**Relevant Period**" means the period commencing from the date on which the last annual general meeting of the Company was held and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier, after the date of this Resolution;

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase, five per cent. (5%) above the average of the closing market prices of the Shares over the five (5) Market Days on which transactions in the Shares were recorded before the day on which the Market Purchase was made by the Company and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period; and

(ii) in the case of an Off-Market Purchase, twenty per cent. (20%) above the average of the closing market prices of the Shares over the five (5) Market Days on which transactions in the Shares were recorded before the day on which the Company makes an announcement of an offer under the Off-Market Purchase scheme and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

(4) the number of shares which may in aggregate be purchased or acquired by the Company during any one financial year of the Company shall be subject to the Maximum Limit;

(5) the Directors and/or any of them be and were authorised to deal with the shares purchased by the Company, pursuant to the Share Buy Back Mandate in any manner as they think fit, which is permitted under the Bermuda Companies Act, the Listing Manual, the HK Takeover Code and the HK Listing Rules; and

(6) the Directors and/or any of them be and were authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution.

More information on the resolutions can be found in the announcement of our Company released on the SGX-ST on 9 May 2011, the results of the special general meeting announced on 1 June 2011 and the circular to the Members dated 9 May 2011.

REORGANISATION

The companies comprising our Group have not underwent any reorganisation of the Group's corporate structure for the Listing.

REPURCHASE BY THE COMPANY OF ITS OWN SECURITIES

This paragraph contains information required by the Stock Exchange to be included in this document concerning the repurchase by the Company of its own securities.

1. Provisions of the Listing Rules

The Listing Rules permit a company listed on the Stock Exchange to repurchase its securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(a) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the Members' resolution passed at the special general meeting of our Company on 1 June 2011, the Share Repurchase Mandate was given to the Directors authorizing any repurchase by the Company as described above in the paragraph headed "Resolutions of the Members passed at the Company's special general meeting held on 1 June 2011.

(b) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Company's memorandum of association and the New Bye-laws, and the applicable laws and regulations of Hong Kong, Bermuda and Singapore. A dual-listed company on the Stock Exchange and SGX-ST may not repurchase its own securities on the SGX-ST and the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST and/or the trading rules of the Stock Exchange (as the case may be) from time to time.

2. Reasons for repurchases

The Directors believe that it is in the best interests of the Company and the Shareholders for the Directors to have general authority from the Shareholders to enable the Company repurchase Shares in the market at any time, subject to market conditions, during the period when the Share Repurchase Mandate is in force. The Directors believe that the repurchases of Shares will enhance the return on equity of the Company, and will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-effective manner.

3. Funding of repurchases

The Bermuda Companies Act permits the Company to purchase or acquire its own Shares out of capital paid up on the purchased Shares, or from funds of the Company which would otherwise be available for dividend or distribution, or out of the proceeds of a fresh issue of Shares made for the purpose of the purchase. Apart from using its internal sources of funds, the Company may obtain or incur borrowings to finance its purchase or acquisition of Shares.

The Directors do not propose to exercise the Share Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The Share Repurchase Mandate will be exercised with a view of enhancing the earnings per Share and/or the net tangible assets value per Share.

The exercise in full of the Share Repurchase Mandate, on the basis of 1,058,829,308 Shares in issue on the date of the grant of the Share Repurchase Mandate, would result in 105,882,930 Shares being repurchased by the Company during the period in which the Share Repurchase Mandate remains in force.

4. General

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their associates currently intends to sell any Shares to the Company or its subsidiaries.

No connected person has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so if the Share Repurchase Mandate is exercised.

If, as a result of the repurchase of the securities by the Company pursuant to the Share Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Share Repurchase Mandate.

Our Company had not repurchased any Shares on the SGX-ST or by any other means in the previous six months from the Latest Practicable Date.

FURTHER INFORMATION ABOUT THE BUSINESS OF THE GROUP

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this document and are or may be material:

(1) AIC-SP Agreement;

(2) Supplemental AIC-SP Agreement;

(3) Deed of indemnity referred to in the paragraph headed "Sunrise investment" under the section headed "History and development";

(4) Deed of Non-competition referred to in the paragraph headed "Deed of non-competition" under section headed "Relationship with our Controlling Shareholders";

(5) Second Undertaking referred to in the paragraph headed "Confirmation" under section headed "Relationship with our Controlling Shareholders"; and

(6) Deed of Indemnity.

2. Intellectual property

Trademarks

As of the Latest Practicable Date, our Company was the registered owner of the following trademarks:

Trademark	Place of Application	Class	Registration number	Expiry date
Courage Marine Group Limited 勇利航業集團有限公司	Hong Kong	39	301804392	4-Jan-21
	Hong Kong	39	301804383	4-Jan-21

Domain name

As of the Latest Practicable Date, the Company had registered the following domain name:

Domain name	Registration Date	Expiry Date
www.couragemarine.com	13-Aug-04	12-Aug-11

3. Further information about members of the Group

The following sets forth further information on each member of our Group:–

Panama

(a) Midas Shipping

Type of company:	Panamanian corporation
Company number:	307124
Registered office address:	Salduba Building, 3rd Floor, 53rd East Street, Urbanizacion Obarrio, Panama City, Panama
Date and place of incorporation:	28 September 1995, Panama
Authorised share capital:	100 shares of US$100 each
Issued share capital:	100 shares of US$100 each
Shareholder:	Courage Marine Holdings
Director(s):	Lin Tsai-Seng, Hsu Chih-Chien, Chen Shin-Yung, Wu Chao-Huan
Term:	Perpetual

(b) Zorina Navigation

Type of company:	Panamanian corporation
Company number:	439876
Registered office address:	Salduba Building, 3rd Floor, 53rd East Street, Urbanizacion Obarrio, Panama City, Panama
Date and place of incorporation:	10 September 2003, Panama
Authorised share capital:	100 shares of US$100 each
Issued share capital:	100 shares of US$100 each
Shareholder:	Courage Marine Holdings
Director(s):	Hsu Chih-Chien, Wu Chao-Huan, Chiu Chi-Shun
Term:	Perpetual

(c) Raffles Marine

Type of company:	Panamanian corporation
Company number:	470516
Registered office address:	Salduba Building, 3rd Floor, 53rd East Street, Urbanizacion Obarrio, Panama City, Panama
Date and place of incorporation:	14 December 2004, Panama
Authorised share capital:	100 shares of US$100 each
Issued share capital:	2 shares of US$100 each
Shareholder:	Courage Marine Holdings
Director(s):	Hsu Chih-Chien, Chiu Chi-Shun, Wu Chao-Huan
Term:	Perpetual

(d) Bravery Marine

Type of company:	Panamanian corporation
Company number:	507240
Registered office address:	Salduba Building, 3rd Floor, 53rd East Street, Urbanizacion Obarrio, Panama City, Panama
Date and place of incorporation:	24 October 2005, Panama
Authorised share capital:	100 shares of US$100 each
Issued share capital:	2 shares of US$100 each
Shareholder:	Courage Marine Holdings
Director(s):	Hsu Chih-Chien, Chiu Chi-Shun, Wu Chao-Huan
Term:	Perpetual

(e) Sea Valour

Type of company:	Panamanian corporation
Company number:	507262
Registered office address:	Salduba Building, 3rd Floor, 53rd East Street, Urbanizacion Obarrio, Panama City, Panama
Date and place of incorporation:	25 October 2005
Authorised share capital:	100 shares of US$100 each
Issued share capital:	100 shares of US$100 each
Shareholder:	Courage Marine Holdings
Director(s):	Hsu Chih-Chien, Wu Chao-Huan, Chen Shin-Yung
Term:	Perpetual

(f) Heroic Marine

Type of company:	Panamanian corporation
Company number:	518586
Registered office address:	Salduba Building, 3rd Floor, 53rd East Street, Urbanizacion Obarrio, Panama City, Panama
Date and place of incorporation:	6 March 2006, Panama
Authorised share capital:	100 shares of US$100 each
Issued share capital:	2 shares of US$100 each
Shareholder:	Courage Marine Holdings
Director(s):	Hsu Chih-Chien, Wu Chao-Huan, Wu Chao-Ping
Term:	Perpetual

(g) Sea Pioneer

Type of company:	Panamanian corporation
Company number:	640063
Registered office address:	Salduba Building, 3rd Floor, 53rd East Street, Urbanizacion Obarrio, Panama City, Panama
Date and place of incorporation:	6 November 2008, Panama
Authorised share capital:	100 shares of US$100 each
Issued share capital:	100 shares of US$100 each
Shareholder:	Courage Marine Holdings
Director(s):	Hsu Chih-Chien, Wu Chao-Huan, Chiu Chi-Shun
Term:	Perpetual

(h) New Hope Marine

Type of company:	Panamanian corporation
Company number:	080856
Registered office address:	Salduba Building, 3rd Floor, 53rd East Street, Urbanizacion Obarrio, Panama City, Panama
Date and place of incorporation:	18 November 1981, Panama
Authorised share capital:	10 shares of US$1,000 each
Issued share capital:	10 shares of US$1,000 each
Shareholder:	Courage Marine Holdings
Director(s):	Hsu Chih-Chien, Chen Shin-Yung, Lin Tsai-Seng, Chiu Chi-Shun
Term:	Perpetual

(i) Cape Ore

Type of company:	Panamanian corporation
Company number:	689795
Registered office address:	Salduba Building, 3rd Floor, 53rd East Street, Urbanizacion Obarrio, Panama City, Panama
Date and place of incorporation:	27 January 2010, Panama
Authorised share capital:	100 shares of US$100 each
Issued share capital:	2 shares of US$100 each
Shareholder:	Courage Marine Holdings
Director(s):	Wu Chao-Huan, Hsu Chih-Chien, Chen Shin-Yung
Term:	Perpetual

(j) Panamax Leader Marine

Type of company:	Panamanian corporation
Company number:	698628
Registered office address:	Salduba Building, 3rd Floor, 53rd East Street, Urbanizacion Obarrio, Panama City, Panama
Date and place of incorporation:	26 April 2010, Panama
Authorised share capital:	100 shares of US$100 each
Issued share capital:	2 shares of US$100 each
Shareholder:	Courage Marine Holdings
Director(s):	Hsu Chih-Chien, Chen Shin-Yung, Wu Chao-Huan
Term:	Perpetual

(k) Courage Amego

Type of company:	Panamanian corporation
Company number:	461812
Registered office address:	Salduba Building, 3rd Floor, 53rd East Street, Urbanizacion Obarrio, Panama City, Panama
Date and place of incorporation:	6 September 2004, Panama
Authorised share capital:	100 shares of US$100 each
Issued share capital:	2 shares of US$100 each
Shareholder:	Courage Marine Holdings
Director(s):	Wu Chao-Huan, Wu Chao-Ping, Lin Tsai-Seng
Term:	Perpetual

(l) Courage Maritime

Type of company:	Panamanian corporation
Company number:	461813
Registered office address:	Salduba Building, 3rd Floor, 53rd East Street, Urbanizacion Obarrio, Panama City, Panama
Date and place of incorporation:	6 September 2004, Panama
Authorised share capital:	100 shares of US$100 each
Issued share capital:	2 shares of US$100 each
Shareholder:	Courage Marine Holdings
Director(s):	Chiu Chi-Shun, Chen Shin-Yung, Ho Tsuy-Hong
Term:	Perpetual

(m) Airline Investment

Type of company:	Panamanian corporation
Company number:	544283
Registered office address:	Salduba Building, 3rd Floor, 53rd East Street, Urbanizacion Obarrio, Panama City, Panama
Date and place of incorporation:	9 November 2006, Panama
Authorised share capital:	100 shares of US$100 each
Issued share capital:	100 shares of US$100 each
Shareholder:	Courage Amego
Director(s):	Hsu Chih-Chien, Carl Yuen, Lawrence Hon
Term:	Perpetual

BVI

(n) Courage Marine BVI

Type of company:	Business Company
Company number:	643095
Registered office address:	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI
Date and place of incorporation:	21 February 2005, BVI
Authorised share capital:	50,000 shares of US$1 each
Issued share capital:	10,000 shares of US$1 each
Shareholder:	The Company
Director(s):	Hsu Chih-Chien, Chiu Chi-Shun, Wu Chao-Huan, Chen Shin-Yung, Wu Chao-Ping
Term:	Perpetual

(o) Courage Marine

Type of company:	Business Company
Company number:	534244
Registered office address:	P.O. Box 3159, Road Town, Tortola, BVI
Date and place of incorporation:	19 February 2003, BVI
Authorised share capital:	50,000 shares of US$1 each
Issued share capital:	50,000 shares of US$1 each
Shareholder:	Courage Marine Holdings
Director(s):	Hsu Chih-Chien, Chiu Chi-Shun, Wu Chao-Huan, Chen Shin-Yung
Term:	Perpetual

(p) Panamax Mars Marine

Type of company:	Business Company
Company number:	604659
Registered office address:	P.O. Box 3159, Road Town, Tortola, BVI
Date and place of incorporation:	6 July 2004, BVI
Authorised share capital:	50,000 shares of US$1 each
Issued share capital:	50,000 shares of US$1 each
Shareholder:	Courage Marine Holdings
Director(s):	Hsu Chih-Chien, Wu Chao-Huan
Term:	Perpetual

(q) Harmony

Type of company:	Business Company
Company number:	1608131
Registered office address:	3rd Floor, Omar Hodge Building, Wickhams Cay 1, Road Town, Tortola, BVI
Date and place of incorporation:	7 October 2010, BVI
Authorised share capital:	50,000 shares of US$1 each
Issued share capital:	1,000 shares of US$1 each
Shareholders:	Courage Amego (41.7%), Chang Hsiao-Yi (58.3%)
Director(s):	Wu Chao-Huan, Chang Hsiao-Yi
Term:	Perpetual

Hong Kong

(r) Courage Marine Holdings

Type of company:	Limited company
Company number:	758794
Registered office address:	Suite 1801, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong
Date and place of incorporation:	1 June 2001, Hong Kong
Authorised share capital:	10,000 shares of HK$1 each
Issued share capital:	10,000 shares of HK$1 each
Shareholder:	Courage Marine BVI
Director(s):	Wu Chao-Huan, Hsu Chih-Chien, Chiu Chi-Shun, Chen Shin-Yung, Wu Chao-Ping
Term:	Perpetual

(s) Courage Marine HK

Type of company:	Limited company
Company number:	899673
Registered office address:	Suite 1801, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong
Date and place of incorporation:	7 May 2004, Hong Kong
Authorised share capital:	10,000 shares of HK$1 each
Issued share capital:	100 shares of HK$1 each
Shareholder:	Courage Marine Holdings
Director(s):	Wu Chao-Huan, Hon Kwok Ping Lawrence
Term:	Perpetual

(t) Courage Marine Property

Type of company:	Limited company
Company number:	1463323
Registered office address:	Suite 1801, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong
Date and place of incorporation:	1 June 2010, Hong Kong
Authorised share capital:	10,000 shares of HK$1 each
Issued share capital:	10,000 share of HK$1 each
Shareholder:	Courage Marine HK
Director(s):	Wu Chao-Huan, Hon Kwok Ping Lawrence, Hsu Chih-Chien
Term:	Perpetual

Taiwan

(u) Courage Amego Agency

Type of company:	Limited Company
Company number:	27768194
Registered office address:	5/F. Transworld Commercial Centre, 2 Nanking East Road, Sec-2, Taipei, Taiwan, ROC
Date and place of incorporation:	9 September 2005, Taiwan
Registered capital:	NT$9,000,000
Paid-up capital:	NT$9,000,000
Shareholder:	Courage Amego
Representative:	Lin Tsai-Seng
Term:	Perpetual

PRC

(v) Courage Marine Holdings Shanghai Office

Economic nature:	Representative Office
Registration number:	企外滬駐字第17628號
Registered office address:	19D, 137 Xianxia Road, Shanghai, PRC
Date and place of establishment:	29 March 2007, PRC
Registered owner:	Courage Marine Holdings
Chief Representative:	Wu Chao-Huan
Term of operation:	14 March 2007 to 14 March 2011
Scope of Business:	Assist Courage Marine Holdings to coordinate and handle vessel chartering matters

FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests of Directors in the share capital of the Company

Immediately following completion of the Introduction (assuming that the options which may be granted under the Share Option Scheme is not exercised at all and no Shares may be allotted and issued or repurchased by the Company under the general mandates for the allotment and issue or repurchase of Shares granted to the Director), so far as is known to the Directors, the interests or short positions of the Directors in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have taken under such provisions) once the Shares are listed, or which will be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept

therein once the Shares are listed, or will be required pursuant to the Model Code for Securities Transactions by Directors of Listing Companies contained in the Listing Rules to be notified to the Company and the Stock Exchange once the Shares are listed, will be as follows:

Name of Directors	Capacity	Number of Shares	Approximate percentage of issued Shares (%)
Hsu Chih-Chien *(Note 1)*	Founder of a discretionary trust	142,081,611	13.419%
Wu Chao-Huan *(Note 2)*	Interest in a controlled corporation	142,081,611	13.419%
Chen Shin-Yung *(Note 3)*	Interest in a controlled corporation	142,081,611	13.419%
Sun Hsien-Long	Beneficial owner	6,334,936	0.598%
Chu Wen Yuan	Beneficial owner	40,000	0.004%

Notes:

1. These Shares are registered in the name of Sea-Sea Marine, the entire issued share capital of which is owned by Besco which in turn is wholly-owned by HSBC Trustee in its capacity as trustee of a discretionary trust with Hsu Chih-Chien as settlor. Hsu Chih-Chien is deemed to be interested in the Shares held by Sea-Sea Marine under the SFO.

2. China Lion was interested in these 142,081,611 Shares, of which 131,493,318 Shares were lent to the Bridging Dealer pursuant to the Stock Borrowing and Lending Agreement, and 10,588,293 Shares were subject to the sale and repurchase pursuant to the Sale and Repurchase Agreement. These Shares are registered in the name of China Lion, the entire issued share capital of which is owned by Wu Chao-Huan as to 60% and by Wang Ho as to 40%. Wu Chao-Huan is deemed to be interested in the Shares held by China Lion under the SFO.

3. These Shares are registered in the name of China Harvest, the entire issued share capital of which is owned by Chen Shin-Yung. Chen Shin-Yung is deemed to be interested in the Shares held by China Harvest under the SFO.

(b) Interests of Substantial Shareholders in the share capital of the Company

So far as the Directors are aware, immediately following completion of the Introduction (assuming that the options which may be granted under the Share Option Scheme is not exercised at all and no Shares may be allotted and issued or repurchased by the Company under the general mandates for the allotment and issue or repurchase of Shares granted to the Directors), the following (not being a Director or chief executive of the Company) will have an interest or short position in the Shares and/or the underlying Shares which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying right to vote in all circumstances at general meetings of any other members of the Group.

Name	Capacity	Number of Shares	Approximate percentage of issued Shares (%)
Sea-Sea Marine	Beneficial owner	142,081,611	13.419%
Besco *(Note 1)*	Interest in a controlled corporation	142,081,611	13.419%
HSBC Trustee *(Note 1)*	Trustee	142,081,611	13.419%
Hsu Chih-Chien *(Note 1)*	Founder of a discretionary trust	142,081,611	13.419%
Yeh Wen-Yao *(Note 1)*	Interest of spouse	142,081,611	13.419%
China Lion	Beneficial owner	142,081,611	13.419%
Wu Chao-Huan *(Note 2)*	Interest in a controlled corporation	142,081,611	13.419%
Wang Ho *(Note 2)*	Interest of spouse	142,081,611	13.419%
China Harvest	Beneficial owner	142,081,611	13.419%
Chen Shin-Yung *(Note 3)*	Interest in a controlled corporation	142,081,611	13.419%
Pronto	Beneficial owner	135,451,611	12.793%
Chiu Chi-Shun *(Note 4)*	Interest in a controlled corporation	135,451,611	12.793%
Kuo Mei-Yuan *(Note 4)*	Interest of spouse	135,451,611	12.793%
Unit Century	Beneficial owner	94,676,874	8.942%
Wu Chao-Ping *(Note 5)*	Interest in a controlled corporation	94,676,874	8.942%
Hsuen A-Chou *(Note 5)*	Interest of spouse	94,676,874	8.942%

Notes:

1. Sea-Sea Marine is wholly-owned by Besco which in turn is wholly-owned by HSBC Trustee in its capacity as trustee of a discretionary trust with Hsu Chih-Chien as settlor of the trust. Yeh Wen-Yao is the spouse of Hsu Chih-Chien. Besco, HSBC Trustee in its capacity as trustee of a discretionary trust with Hsu Chih-Chien as settlor of the trust, Hsu Chih-Chien and Yeh Wen-Yao are all deemed to be interested in the Shares held by Sea-Sea Marine under the SFO.

2. China Lion was interested in these 142,081,611 Shares, of which 131,493,318 Shares were lent to the Bridging Dealer pursuant to the Stock Borrowing and Lending Agreement, and 10,588,293 Shares were subject to the sale and repurchase the Sale and Repurchase Agreement. China Lion is owned as to 60% by Wu Chao-Huan and as to 40% by Wang Ho. Wang Ho is the spouse of Wu Chao-Huan. Wu Chao-Huan and Wang Ho are deemed to be interested in the Shares held by China Lion under the SFO.

3. China Harvest is wholly-owned by Chen Shin-Yung. Chen Shin-Yung is deemed to be interested in the Shares held by China Harvest under the SFO.

4. Pronto is wholly-owned by Chiu Chi-Shun. Kuo Mei-Yuan is the spouse of Chiu Chi-Shun. Chiu Chi-Shun and Kuo Mei-Yuan are deemed to be interested in the Shares held by Pronto under the SFO.

5. Unit Century is owned as to 52% by Wu Chao-Ping. Hsuen A-Chou is the spouse of Wu Chao-Ping. Wu Chao-Ping and Hsuen A-Chou are deemed to be interested in the Shares held by Unit Century under the SFO.

(c) Interests in suppliers and customers of the Group

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or their respective associate or persons who are interested in more than 5% of the issued share capital of the Company had an interest in the five largest customers or suppliers of the Group.

2. Particulars of Directors' service agreements

(a) Executive Directors

Wu Chao-Huan ("Mr. CH Wu") entered into a service agreement with our Company on 1 July 2005, pursuant to which he has been appointed as the Managing Director of our Company commencing from 1 July 2005 for a period of 3 years. The said service agreement was renewed for a further period of 3 years as from 13 October 2008 evidenced by a renewal memorandum dated 13 January 2011 which may be terminated by not less than 3 months' notice in writing served by either party on the other. Mr. CH Wu is entitled to an annual salary of US$120,000 and his appointment is subject to the normal retirement provisions under the New Bye-laws. Mr. CH Wu entered another renewal memorandum in respect of his service agreement on 25 February 2011 to extend the term for a further period of 2 years as from 13 October 2011 on same terms as before.

Chen Shin-Yung ("Mr. Chen") entered into a service agreement with our Company on 1 July 2005, pursuant to which he has been appointed as the Executive Director of our Company commencing from 1 July 2005 for a period of 3 years. The said service agreement was renewed for a further period of 3 years as from 13 October 2008 evidenced by a renewal memorandum dated 13 January 2011 which may be terminated by not less than 3 months' notice in writing served by either party on the other. Mr. Chen is entitled to an annual salary of US$108,000 and his appointment is subject to the normal retirement provisions under the New Bye-laws. Mr. Chen entered another renewal memorandum in respect of his service agreement on 25 February 2011 to extend the term for a further period of 2 years as from 13 October 2011 on same terms as before.

(b) Non-Executive Directors

Hsu Chih-Chien ("Mr. Hsu") entered into a service agreement with our Company on 7 May 2008, pursuant to which he has been appointed as the Director of our Company commencing from 7 May 2008 for a period of 3 years which had been renewed for a further period of 3 years as from 7 May 2011 evidenced by a renewal memorandum dated 13 January 2011. Mr. Hsu is entitled to an annual fee of not more than US$8,000 and his appointment is subject to the normal retirement provisions under the New Bye-laws.

Sun Hsien-Long ("Mr. Sun") had not entered into a service agreement with our Company as at the Latest Practicable Date and was appointed as a non-executive Director of the Company commencing from 13 August 2010 for a period of 3 years as confirmed by a letter of appointment dated 13 January 2011 which may be terminated by not less than 3 months' notice in writing served by either party on the other. Mr. Sun's appointment is subject to the normal retirement provisions under the New Bye-laws.

Chang Shun-Chi ("Mr. Chang") had not entered into a service agreement with our Company as at the Latest Practicable Date and was appointed as a non-executive Director of our Company commencing from 13 August 2010 for a period of 3 years as confirmed by a letter of appointment dated 13 January 2011. Mr. Chang's appointment is subject to the normal retirement provisions under the New Bye-laws.

(c) Independent non-executive Directors

Sin Boon Ann ("Mr. Sin") had not entered into a service agreement with our Company as at the Latest Practicable Date. Mr. Sin's appointment is subject to the normal retirement provisions under the New Bye-laws.

Chu Wen Yuan ("Mr. Chu") had not entered into a service agreement with our Company as at the Latest Practicable Date. Mr. Chu's appointment is subject to the normal retirement provisions under the New Bye-laws.

Lui Chun Kin, Gary ("Mr. Lui") had not entered into a service agreement with our Company as at the Latest Practicable Date. Mr. Lui's appointment is subject to the normal retirement provisions under the New Bye-laws.

None of the Directors has entered into a service agreement with our Group other than a service agreement expiring or determinable by the employer with one year without payment of compensation (other than statutory compensation). Save as disclosed above, none of the Directors has entered or has proposed to enter into any service agreements with our Company or any other member of our Group (other than contracts expiring or determinable by the employer with 1 year without payment of compensation other than the statutory compensation.)

3. Directors' remuneration

Our Group determines its Directors' remuneration based on factors including, but not limited to duties, qualifications, experience and performance of the Directors. For the years ended 31 December 2008, 31 December 2009, 31 December 2010, the Directors' remuneration paid by the Group were approximately US$901,000, US$441,000 and US$520,000 respectively. Details of the remuneration packages of the Directors are set out under the paragraph headed "Particulars of Directors' service agreements" above.

The Group estimates the aggregate amount of remuneration of the Directors, excluding annual bonus of the executive Directors mentioned above, payable for the year ending 31 December 2011 will be approximately US$520,000, that is more or less the same as in the year 2010. The Directors confirm that the Company's remuneration policies for Directors will remain the same immediately after the Introduction.

None of the directors or any past directors of any member of our Group has been paid any sum of money for each of the three years ended 31 December 2010:

(i) as an inducement to join or upon joining our Company; or

(ii) for loss of office as a director of any member of our Group or of any other notice in connection with the management of the affairs of any member of our Group.

Save as the waiver of directors' fee by Hsu Chih-Chien for the year ended 31 December 2009, there has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three years ended 31 December 2010. Save as disclosed in this document, no remuneration or benefit in kind have been made or are payable, in respect of the three years ended 31 December 2010 by our Group to or on behalf of any of the Directors.

4. Personal guarantees

As at the Latest Practicable Date, none of the Directors had provided any personal guarantees in favour of lenders in connection with banking facilities to our Group.

5. Related party transactions

Please refer to the section headed "Connected Transactions" for details as to the related party transactions. Save as disclosed in this document, our Group had not entered into any related party transactions within the two years immediately preceding the date of this document.

6. Disclaimers

Save as disclosed in this document, as at the Latest Practicable Date:

(a) none of the Directors nor any of the persons whose names are listed in the paragraph headed "Consent of experts" under the section headed "Other information" in this Appendix:

(i) was interested in the promotion of the Company or in any assets which have within the two years immediately preceding the issue of this document been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; or

(ii) was materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the Group;

(b) none of the persons whose names are listed in the paragraph headed "Consents of experts" under the section headed "Other information" in this Appendix had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;

(c) no cash, securities or other benefit had been paid, allotted or given within the two years immediately preceding the date of this document to any promoter of the Company nor was any such cash, securities or benefit intended to be paid, allotted or given on the basis of the Introduction or related transaction as mentioned in this document;

(d) none of the Directors or chief executive of the Company had any interest, any long and short positions in shares and underlying shares, listed or unlisted derivatives of, or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which would be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to the Company and the Stock Exchange once the Shares are listed;

(e) there were no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between the Directors and any member of the Group;

(f) so far as known to the Directors, none of the Directors was aware of any person (not being a Director or chief executive of the Company) who will immediately following the Introduction be interested or have a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group; and

(g) so far as is known to the Directors, none of the Directors, their respective associates or Shareholders who are interested in 5% or more of the issued share capital of the Company had any interests in the five largest customers or the five largest suppliers of the Group.

SHARE OPTION SCHEME

The Share Option Scheme was adopted by our Company at an extraordinary general meeting held on 24 August 2005 for the purpose of providing an opportunity for the employees of the Company to participate in its equity.

Under the Share Option Scheme, options granted to the executive and non-executive directors and employees of our Group may, except in certain special circumstances, be exercised at any time after the first or second anniversary (depending on the exercise price) of the grant of the option. Options granted under the Share Option Scheme will have a life span of 10 years, save for those granted to non-employees which shall have a life span of 5 years. The exercise prices of the options may at the Committee's discretion, be set at a price equal or at a discount not exceeding 20 percent to the average of last dealt prices of our Company's shares on the SGX-ST for the five market days immediately preceding the date of grant. To date, no share options have been granted or agreed to be granted by our Company under the Share Option Scheme.

At a special general meeting of our Company held on 1 June 2011, it was resolved that the Share Option Scheme was terminated.

OTHER INFORMATION

1. Deed of Indemnity

The Controlling Shareholders (save for Sea-Sea Marine) (the "Indemnifiers") have entered into the Deed of Indemnity in favour of the Group (being a material contract referred to in the paragraph headed "Summary of material contracts" of this Appendix) to provide the following indemnities in favour of the Company (for itself and as trustee for its subsidiaries).

Under the Deed of Indemnity, each of the Indemnifiers irrevocably, jointly and severally agrees, covenants and undertakes with each of the members of the Group that he/she/it will indemnify each of the members of the Group against, amongst others, the following:

(i) taxation falling on any or all members of the Group resulting from or by reference to any income, profits or gains earned, accrued or received (or deemed to be so earned, accrued or received) or transactions, events, acts, omissions, matters or things entered into or occurring on or before the date when the Introduction becomes unconditional (the "Effective Date"); and

(ii) any depletion or reduction in value of the assets of any member of the Group or increase in their respective liabilities, or any loss or depreciation of any relief against estate duty of any member of the Group, as a consequence of, and in respect of any amount which the members of the Group or any of them may become liable to pay, being any liability for Hong Kong estate duty which might be incurred by any member of the Group by reason of any transfer of property (within the meaning of sections 35 and 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) to any member of the Group and any claim which has arisen or may arise wholly or partly in respect of or in consequence of any act or omission occurring at any time on or before the Effective Date.

The Indemnifiers will, however, not be liable under the Deed of Indemnity for taxation where, among others:

(a) provision, reserve or allowance has been made for such taxation in the audited accounts of the Group for each of the three financial years ended 31 December 2010 ("Accounts");

(b) where any liability or taxation claim falling on any of the members of the Group in respect of their current accounting periods or any accounting period commencing on or after 1 January 2011 and ending on the Effective Date where such liability or taxation claim would not have arisen but for any act or omission of, or transaction voluntarily effected by, any of the members of the Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifiers other than any such act, omission or transaction that are:

(i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after 1 January 2011; or

(ii) carried out, made or entered into pursuant to a legally binding commitment created on or before 31 December 2010; or

(iii) consisting of any of the members of the Group ceasing, or being deemed to cease, to be a member of any group of companies or being associated with any other company for the purposes of any matter of or taxation; or

(iv) to the extent of any provisions or reserve made for taxation in the Accounts which is finally established to be an over-provision or an excessive reserve provided that the amount of any such provision or reserve applied to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter; and

(c) the taxation arises or is incurred as a result of a retrospective change in law or the interpretation or practice by the relevant tax authority coming into force after the Effective Date or to the extent that the taxation arises or is increased by an increase in rates of taxation after the Effective Date with retrospective effect. The Directors have been advised that no material liability for estate duty is likely to fall on any member of the Group in Bermuda.

2. Litigation

Save as disclosed in this document, as at the Latest Practicable Date, no member of our Group was engaged in any litigation, arbitration or claim of material importance and no such litigation, arbitration or claim was known to the Directors or the Company to be pending or threatened by or against any member of our Group that would have a material adverse effect on our Group's results of operations or financial condition.

3. Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Shares in issue as mentioned in this document.

4. Preliminary expenses

The estimated preliminary expenses of our Company in relation to its incorporation are approximately US$7,400 and have been paid-up by our Company.

5. Qualifications of experts

The qualifications of the experts who have given opinions and/or whose names are included in this document are as follows:

Name	Qualification
Deloitte Touche Tohmatsu	Certified public accountants
RHL Appraisal Limited	Professional surveyor
Lee & Lee	Singapore legal adviser
Conyers Dill & Pearman Pte. Ltd.	Bermuda and BVI legal advisers
Quijano & Associates	Panama attorneys-at-law
Tian Yuan Law Firm	Qualified PRC lawyer
Lee and Li, Attorneys-at-Law	Taiwan legal adviser
Li, Wong, Lam & W.I. Cheung	Hong Kong legal adviser

6. Consents of experts

Each of Deloitte Touche Tohmatsu, RHL Appraisal Limited, Lee & Lee, Conyers Dill & Pearman Pte. Ltd., Quijano & Associates, Tian Yuan Law Firm, Lee and Li, and Li, Wong, Lam & W.I. Cheung has given and has not withdrawn its written consent to the issue of this document with copy of its reports, valuation, letters or opinions (as the case may be) and the references to each of their respective names or summary of opinions included herein in the form and context in which it appears.

7. Register of members and branch register of members

Subject to the provisions of the Bermuda Companies Act, the principal register of members of our Company will be maintained in Bermuda and a branch register of members of the Company will be maintained in Hong Kong by Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. Unless the Directors otherwise agree, all transfers and other documents of title of Shares which are traded on the Stock Exchange must be lodged for registration with and registered by, our Company's branch share registrar in Hong Kong and may not be lodged in Bermuda.

8. Promoter

Our Company has no promoter and no cash, securities or other benefit has been paid, allotted or given, or proposed to be paid, allotted or given, to any promoters within two years preceding the date of this document.

9. Taxation of holders of Shares

(1) Hong Kong

The sale, purchase and removal of Shares registered with our Company's Hong Kong register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and the seller is 0.1% of the consideration of or the fair value of, the Shares being sold or transferred, whichever is the higher. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(2) Bermuda

Under present Bermuda law, transfers and other dispositions of Shares are exempt from Bermuda stamp duty.

(3) Consultation with professional advisers

Potential holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in, Shares or exercising any rights attaching to them. It is emphasized that none of the Company, the Directors or the other parties involved in the Introduction can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in, Shares or exercising any rights attaching to them.

10. Miscellaneous

(1) Save as disclosed in this document:

(i) within the two years immediately preceding the date of this document, no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no founders, management or deferred shares of the Company or any of its subsidiaries have been issued or agreed to be issued;

(iv) the Company does not have outstanding convertible debt securities or debentures;

(v) no founders, management or deferred shares of the Company or, any of its subsidiaries have been issued or agreed to be issued;

(vi) within the two years immediately preceding the date of this document, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of the Company or any of its subsidiaries;

(vii) within the two years preceding the date of this document, no commission has been paid or payable to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of the Company or any of its subsidiary;

(viii) there is no arrangement under which future dividends are waived or agreed to be waived;

(ix) there has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the twelve months immediately preceding the date of this document; and

(x) save as disclosed in the paragraph headed "Material adverse changes" under section headed "Financial Information", the Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since 31 December 2010 (being the date to which the latest audited consolidated financial statements of the Group were made up).

(2) None of Deloitte Touche Tohmatsu, RHL Appraisal Limited, Lee & Lee, Conyers Dill & Pearman Pte. Ltd., Quijano & Associates, Tian Yuan Law Firm, Lee and Li, and Li, Wong, Lam & W.I. Cheung:

(i) is interested beneficially or non-beneficially in any shares in any member of the Group; or

(ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of the Group.

(3) Save for the Company, no company within the Group is presently listed on any stock exchange or traded on any trading system.

(4) All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.

(5) Deloitte & Touche LLP will continue be the auditor of the Company upon Listing.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Li, Wong, Lam & W.I. Cheung at 22nd Floor, Infinitus Plaza, No. 199 Des Voeux Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document:

(a) the memorandum of association of the Company and the New Bye-laws;

(b) the accountants' report on financial information of the Group prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this document;

(c) the audited consolidated financial statements of the Group for each of the two years ended 31 December 2010 or such audited financial statements as have been prepared for each of the companies comprising the Group for each of the two years ended 31 December 2010 or from their respective dates of incorporation where this is a shorter period;

(d) the annual reports of the Company for each of the two financial years ended 31 December 2009 and 2010;

(e) the unaudited interim financial information of the Group with review report prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this document;

(f) the letter, summary of valuation and valuation certificates relating to the property interests of the Group prepared by RHL International Limited, the texts of which are set out in Appendix III to this document;

(g) the letters of advice issued by Conyers Dill & Pearman Pte. Ltd. summarising certain aspects of Bermuda company law as referred to in Appendix IV to this document;

(h) the Singapore Companies Act;

(i) the SFA;

(j) the Singapore Code;

(k) the Listing Manual;

(l) the material contracts referred to in the paragraph headed "Summary of material contracts" under the section headed "Further information about the business of the Group" in Appendix VI to this document;

(m) the service agreements and appointment letters referred to in the paragraph headed "Particulars of Directors' service agreements" under the section headed "Further information above Directors, senior management and substantial shareholders" in Appendix VI to this document;

(n) the written consents referred to in the paragraph headed "Qualifications of experts" under the section headed "Other information" in Appendix VI to this document;

(o) the Bermuda Companies Act;

(p) the Lease Agreement referred to in the paragraph headed "Lease of Shanghai Premises" under the section headed "Connected transactions" to this document;

(q) the PRC legal opinion dated 21 June 2011 issued by Tian Yuan Law Firm, our PRC legal adviser;

(r) the Taiwan legal opinion dated 21 June 2011 issued by Lee and Li, Attorneys-at-Law, our Taiwan legal adviser;

(s) the Panama legal opinion dated 21 June 2011 issued by Quijano & Associates, our Panama legal adviser;

(t) the BVI legal opinions dated 21 June 2011 issued by Conyers Dill & Pearman Pte. Ltd., our BVI legal adviser;

(u) the Bermuda legal opinions dated 21 June 2011 issued by Conyers Dill & Pearman Pte. Ltd., our Bermuda legal adviser; and

(v) the Hong Kong legal opinion dated 21 June 2011 issued by Li, Wong, Lam & W.I. Cheung, our Hong Kong legal adviser.

In addition, prospective investors and/or Shareholders can access copies of the following documents (all of which are very large documents) via the following weblinks:

The Singapore Companies Act
http://statutes.agc.gov.sg/

the SFA
http://statutes.agc.gov.sg/

the Singapore Code
http://www.mas.gov.sg/resource/sic/The_Singapore_Code_on_Take_Overs_and_Mergers_1_April_2007.pdf

the Listing Manual
http://www.sgx.com/wps/portal/corporate/cp-en/listing_on_sgx/listing_manual