THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in Courage Marine Group Limited (the "**Company**"), you should at once hand this circular to the purchaser or the transferee or to the bank, licensed dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

COURAGE MARINE GROUP LIMITED
(勇利航業集團有限公司)

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 1145)
(Singapore Stock Code: E91.SI)

MAJOR TRANSACTION
ACQUISITION OF VESSEL

Financial Adviser

海通國際
HAITONG

14 November 2011

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In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Acquisition"	the acquisition of the Vessel by Heroic Marine subject to and upon the terms and conditions of the MOA
"AIC"	Airline Investment Corp., a company incorporated in Panama with limited liability
"AIC Confirmation"	confirmation dated 24 February 2011 and made by Courage Amego and Mr. Chang to supplement the AIC-SP Agreement
"AIC Deed of Indemnity"	a deed of indemnity dated 22 March 2011 given by Mr. WCH and Mr. Hsu in favour of Courage Amego, pursuant to which Mr. WCH and Mr. Hsu agree to jointly and severally indemnify Courage Amego against all losses, costs and expenses which Courage Amego may suffer as a result of default on the part of Mr. Chang under AIC-SP Agreement (as amended)
"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
"Announcement"	the announcement of the Company dated 24 October 2011 in relation to the Acquisition
"associates"	has the same meaning ascribed to it under the Listing Rules
"banking days"	days on which banks are open both in the country of the currency stipulated for the Consideration in the MOA, namely, United States of America, and in the place of closing stipulated in the MOA, namely, PRC
"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
"Besco"	Besco Holdings Limited, a company incorporated in BVI and is wholly-owned by HSBC Trustee in its capacity as trustee of The Lowndes Foundation
"Board"	board of the Directors

"BVI"	the British Virgin Islands
"Bye-laws"	the bye-laws of the Company, as amended, supplemented or modified from time to time
"China Harvest"	China Harvest Enterprises Limited, a company incorporated in BVI with limited liability and is wholly-owned by Mr. Chen
"China Lion"	China Lion International Limited, a company incorporated in BVI with limited liability and is owned as to 60% by Mr. WCH and 40% by Wang Ho, the spouse of Mr. WCH
"Company"	Courage Marine Group Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange and on the SGX-ST
"Completion"	completion of the sale and purchase of the Vessel in accordance with the MOA
"Connected Person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	a total cash consideration of US$26,600,000 (equivalent to approximately HK$207,480,000) payable by Heroic Marine to the Seller
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and in the case of the Company means, Sea-Sea Marine, China Lion, China Harvest, Pronto, Unit Century, Mr. Hsu, Mr. WCH, Mr. Chen, Mr. Chiu, Mr. WCP and Pilot Assets
"Courage Amego"	Courage-New Amego Shipping Corp., a company incorporated in Panama with limited liability and is an indirect wholly-owned subsidiary of the Company
"Courage Marine 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) Co., Limited in Shanghai
"Deed of Indemnity"	deed of indemnity dated 13 June 2011 between the Controlling Shareholders (save for Sea-Sea Marine) and the Company pursuant to which the Controlling Shareholders (save for Sea-Sea Marine) would indemnify the Group against any unprovided taxes and liabilities falling on any member of the 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

"Deed of Non-Competition"	a deed of non-competition dated 15 June 2011 entered into between the Controlling Shareholders (except Sea-Sea Marine) and the Company (for itself and on behalf of its subsidiaries from time to time), pursuant to which, among other things, the Controlling Shareholders (except Sea-Sea Marine) had undertaken not to 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 the Group in the territories within Asia and such other parts of the world where any member of the Group carries on business from time to time
"Director(s)"	director(s) of the Company
"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
"Group"	the Company and its subsidiaries
"Heroic Marine"	Heroic Marine Corp., a company incorporated in Panama with limited liability, an indirect wholly-owned subsidiary of the Company and the purchaser under the MOA
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"HSBC Trustee"	HSBC International Trustee Limited, a trustee of The Lowndes Foundation, a discretionary trust with Mr. Hsu as settlor
"Independent Third Party(ies)"	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third party(ies) independent of and not connected with any director, chief executive or substantial shareholders of the Company and its subsidiaries or any of their respective associate
"Introduction"	the listing of the entire issued share capital of the Company on the Main Board of the Stock Exchange by way of introduction pursuant to the Listing Rules
"Latest Practicable Date"	11 November 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"MDI"	Maritime Delivery Inc., a company incorporated in BVI and an independent third party
"MDGC"	Milliford DG Corporation, a company incorporated in BVI and an independent third party
"MOA"	a memorandum of agreement with addendum numbers 1 and 2 thereto, all dated 24 October 2011 and entered into between Heroic Marine as buyer and the Seller as seller
"Mr. Chang"	Mr. Chang Hsiao-Yi, the purchaser of shares in AIC pursuant to the AIC-SP Agreement
"Mr. Chen"	Mr. Chen Shin-Yung
"Mr. Chiu"	Mr. Chiu Chi-Shun
"Mr. Hsu"	Mr. Hsu Chih-Chien
"Mr. WCH"	Mr. Wu Chao-Huan
"Mr. WCP"	Mr. Wu Chao-Ping
"Pilot Assets"	Pilot Assets Group Limited, a company incorporated in BVI with limited liability and is owned as to 21.43%, 21.43%, 21.43%, 14.28% and 21.43% respectively by China Harvest, China Lion, Pronto, Unit Century and Sea-Sea Marine
"PRC"	the People's Republic of China
"Pronto"	Pronto Star Limited, a company incorporated in BVI with limited liability and is wholly-owned by Mr. Chiu
"Sea-Sea Marine"	Sea-Sea Marine Company Limited, a company incorporated in BVI with limited liability and is wholly-owned by Besco Holdings Limited which in turn is wholly-owned by HSBC International Trustee Limited in its capacity as trustee of a discretionary trust, The Lowndes Foundation, with Mr. Hsu as settlor
"Second Undertaking"	a letter of undertaking dated 15 June 2011 given by Mr. Hsu to the Company in respect of the competing business, the details of which had been disclosed in the listing document of the Company dated 21 June 2011

"Seller"	Zhejiang Zengzhou Ship Building Co., Ltd., a company established under the laws of PRC
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong
"SGX-ST"	Singapore Exchange Securities Trading Limited
"Shanghai Premises"	Room 1, Unit 19D, 137 Xianxia Road, Changning District, Shanghai, PRC
"Share(s)"	ordinary share(s) of US$0.018 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"supermax"	dry bulk vessels with gear and with size ranging from approximately 50,000 to 60,000 dwt
"Supplemental AIC-SP Agreement"	an agreement dated 22 March 2011 made between Mr. Chang and Courage Amego, pursuant to which Mr. Chang and Courage Amego had agreed to extend the long stop date set out in the AIC-SP Agreement to 31 March 2012
"Unit Century"	Unit Century Enterprises Limited, a company incorporated in BVI with limited liability and is owned as to 52% by Mr. WCP and as to 24% by each of Wu Cheng-Hua and Wu Cheng-Tsu
"Vessel"	a supermax newbuilding vessel of approximately 57,000 dwt
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"US$"	United States of America dollars
"%"	per cent.

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(Incorporated in Bermuda with limited liability)
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Executive Directors:
Mr. Wu Chao-Huan *(managing Director)*
Mr. Chen Shin-Yung

Non-executive Directors
Mr. Hsu Chih-Chien *(Chairman)*
Mr. Sun Hsien-Long
Mr. Chang Shun-Chi

Independent non-executive Directors:
Mr. Lui Chun Kin, Gary
Mr. Sin Boon Ann
Mr. Chu Wen Yuan

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
Suite 1801
West Tower, Shun Tak Centre
200 Connaught Road Central
Hong Kong

14 November 2011

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
ACQUISITION OF VESSEL

INTRODUCTION

On 24 October 2011, the Board announced that Heroic Marine, an indirect wholly-owned subsidiary of the Company, entered into the MOA with the Seller in relation to the acquisition of the Vessel for a total cash consideration of US$26,600,000 (equivalent to approximately HK$207,480,000).

The purpose of this circular is to provide you with details regarding the Acquisition.

MOA

Date: 24 October 2011

Parties: (1) Vendor : Zhejiang Zengzhou Ship Building Co., Ltd., the Seller

(2) Purchaser : Heroic Marine

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Seller and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company and save and except Mr. Chang Shun-Chi, a non-executive Director, who acts as broker for the Seller and will receive commission from the Seller in the Acquisition, none of the Directors or controlling Shareholders has any interest, direct or indirect, in the Acquisition. Mr. Chang Shun-Chi has abstained from voting on the board resolutions relating to the Acquisition.

Asset to be acquired:

Pursuant to the MOA, Heroic Marine has agreed to acquire and the Seller has agreed to sell the Vessel, which is a supermax newbuilding vessel with carrying capacity of approximately 57,000 dwt. It is currently expected that the Vessel will be registered under the laws and flag of Panama and will be operated by the Group upon its delivery.

Consideration:

The total cash consideration for the Acquisition is US$26,600,000 (equivalent to approximately HK$207,480,000) and shall be payable by Heroic Marine to the Seller in the following manner:

(1) a down payment of US$5,320,000, representing 20% of the Consideration, shall be made by Heroic Marine to the Seller within 3 banking days after receiving refund bank guarantee from the Seller and signing of the MOA; and

(2) the balance of the Consideration shall be paid by Heroic Marine to the Seller on delivery of the Vessel, but not later than 3 banking days after the Vessel is in every respect physically ready for delivery in accordance with the terms and conditions of the MOA and the notice of readiness has been given by the Seller.

It is intended that up to 70% of the Consideration will be funded by bank borrowings and the balance of the Consideration will be funded by internal resources of the Group.

The Consideration was arrived at after arm's length negotiations between Heroic Marine and the Seller with reference to market intelligence the Company has gathered from shipbrokers and its own analysis of recently concluded sale and purchase transactions of newbuilding vessels of comparable size and year of delivery in the market and after arm's length negotiation between the parties. The Company has obtained quotes on the prices of 57,000 dwt newly built Supermax from two brokers namely Maersk Brokers Hong Kong, an independent third party, and Maxmart Shipping & Trading Co. Ltd. a shipping brokerage owned by Mr. Chang Shun-Chi, a non-executive director of the Company. The Company also collected information on recent sales of 57,000 dwt newly built Supermax from Tradewindsnews.com which provides news on shipping related matters. The Group has from time to time bought and sold vessels in the course of their businesses but these vessels were second hand vessels. It is the first time that the Group acquires a newly built vessel so no comparison can be made between the Consideration and consideration paid for past transactions. However, as is commonly the case in the dry bulk carrier market, although there are published news on sale of vessels from sources like Lloyd's List Intelligence and Tradewindnews.com as mentioned above, which contain general information on such sale like the price and time of sale, there have not been any recently published sales by third party vendors of newbuilding vessels of the exact design, size and year of scheduled delivery of Vessels from which to make a direct comparison. Also, no third party valuation has been performed on the Vessel.

Based on the market knowledge and experience of the management of the Group, the price of 57,000 dwt Supermax has already dropped from its peak in September 2008 of approximately US$40-45 million to the present value of approximately US$26 million which represents a decrease of 35-42% in value. The Directors believe that the downside risk of the new purchase is limited and the current price is fair and reasonable and that this is a suitable opportunity to replace the older vessels in the fleet of the Group with new vessels.

Based on the market intelligence so obtained and having considered the condition of the Vessel and its early delivery, the Directors (including the independent non-executive Directors) consider that the Consideration is fair value of the Vessel acquired. The Directors (including the independent non-executive Directors) consider the terms and conditions of the Acquisition to be fair and reasonable and are in the interests of the Group and the Shareholders as a whole.

Refund Guarantee

According to the MOA, the down payment of US$5,320,000 shall be secured by a refund bank guarantee issued by a first-class bank in PRC. The contents of such refund bank guarantee and the issuing bank is subject to Heroic Marine's acceptance prior to issuing it to Heroic Marine. The refund bank guarantee shall be received by Heroic Marine before making the down payment of US$5,320,000.

On 3 November 2011, the Seller had provided a bank guarantee issued by China Citic Bank, Ningbo Branch to Heroic Marine to guarantee the repayment by the Seller under the MOA for an amount not exceeding in total of US$5,320,000 which has been paid by Heroic Marine to the Seller if and when the same or any part thereof becomes repayable to Heroic Marine under MOA. The refund bank guarantee shall expire on 20 February 2012 or when the Vessel is delivered to and accepted by Heroic Marine or refund has been made by the seller or the bank or the original refund bank guarantee is returned to the bank, whichever is earlier.

Condition

The MOA is subject to approval of the board of Directors and Shareholders.

Delivery and Completion

The Directors currently expect that, subject to any extension that may be agreed between the parties under the MOA, the delivery of the Vessel will take place during January 2012.

INFORMATION ON THE SELLER

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Seller is a company established under the laws of PRC with limited liability and is principally engaged in construction and sale of shipping vessels. The Seller was established in or about August 2007. From 2009 to 2011, the Seller has produced blocks (parts) and floating caissons for 36 vessels, 10 of which are 57,000 dwt Supermax. The Seller has also produced 3 whole 57,000 dwt Supermax, one of which is the Vessel, and another one has already been delivered. The vessels produced by the Sellers are duly certified by international classification societies which mean that they have met internationally recognized standards. The Seller's client base include Yangfan Group Co., Ltd. (a sino-foreign joint venture enterprise in shipbuilding and ship export), Zhejiang Shipyard (state-owned enterprise of Zhejiang province of PRC) and Zhejiang Zhenghe Shipyard (a subsidiary of Qingdao Zhenghe Shipyard of PRC). The 57,000 dwt Supermax is also called the Dolphin Type which is designed and developed by Shanghai Merchant Ship Design and Research Institute of China State Ship Building Corporation. According to a report by Det Norske Veritas, an international classification society, over 200 units of 57,000 dwt Dolphin Supermax have been built by twenty different shipyards since 2008. On the basis that the Seller has produced 3 such vessels and blocks for 10 such vessels, the Directors estimate that the market share of the Seller for 57,000 dwt Supermax is approximately 6%. There has been no public tendering process by the Company for the building of 57000 dwt Supermax as the Vessel is a newly built vessel ready for delivery in a short time and not a vessel to be built and it is not the Company's practice to do so. However, the Company has undergone a vigorous selection process before selecting the Seller as the supplier of the 57,000 dwt newly-built Supermax. Mr. Chen, an executive director of the Company, visited the shipyard of the Seller and inspected the Vessel as well as another shipyard in the PRC and recommended to the Directors that the Seller and the Vessel is to be preferred in terms of their standards. Following his recommendation, Mr. Wu, the managing director of the Company, visited the Seller's shipyard and inspected the Vessel. He was also satisfied with its standards and began negotiation with the Seller with regard to the acquisition of the Vessel. Following his visit, a further visit was made by Mr. Chen, Mr. Wu and Mr. Hsu, the chairman of the Company, to the Seller's shipyard, and they inspected the Vessel. They were all satisfied with the standards of the Seller's shipyard and the Vessel and they made recommendation to the Directors to select the Seller as the supplier of the 57,000 dwt newly built Supermax. The Directors have decided to select the Seller as the supplier of the Vessel based on the recommendation of Mr. Wu, Mr. Chen and Mr. Hsu, who have vast experience in the shipping industry, the said Directors' visits to the Seller's shipyard and inspection of the Vessel, the background information on the Seller as stated above and the Consideration, which was considered to be fair and reasonable based on the market intelligence obtained by the Company as described above.

REASON FOR THE ACQUISITION

The Company considers that the current market situation is suitable for the Company to renew the Company's fleet by acquiring newly built vessel to replace the older vessels in the fleet.

The Directors (including the independent non-executive Director) believe that the terms of the MOA are entered into upon normal commercial terms following arm's length negotiations between the parties and the terms of the MOA are fair and reasonable and are in the interests of the Shareholders as a whole.

INFORMATION ON THE GROUP

The principal activity of the Company is that of an investment holding company and the principal activities of the Group are the provision of marine transportation services, property holding, investment holding and provision of administration services.

FINANCIAL EFFECT OF THE ACQUISITION

As the Group currently owns and operates seven vessels, it is expected that the Acquisition will have no material impact on the Group's earnings.

The Group intends to use its own resources and bank financing for the Acquisition. It is expected that there will be no material impact on the assets and liabilities of the Group after the Acquisition.

FINANCIAL AND TRADING PROSPECT OF THE GROUP

The global economy has not fully recovered and remains unstable in the past few months. The Baltic Dry Index ("BDI") remains flat between 1,250 to 1,500 points since April 2011, and was only about 1,250 points in August 2011. Freight rates are generally reflected by Baltic Dry Index and have a material effect on the financial performance of the Group. The Group remains cautious on the outlook for this year.

The Group expects the financial performance for the rest of 2011 to be adversely affected by the current challenging economic conditions and the uncertain economic outlook. However, the Group will maintain its cost-effective structure and focus on keeping its fleet well-deployed and running efficiently.

LISTING RULES IMPLICATIONS

As the relevant percentage ratio(s) calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under the Listing Rules.

Since no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Acquisition and China Harvest, China Lion, Pronto, Unit Century, Sea-Sea Marine and Pilot Assets, who together hold an aggregate of 663,110,318 Shares, representing approximately 62.63% of the issued share capital of the Company as of the date of this announcement are regarded as a closely allied group of the Shareholders, it is the Company's intention to satisfy the shareholders' approval requirement under Rule 14.40 of the Listing Rules by means of written Shareholders' approval pursuant to Rule 14.44 of the Listing Rules in lieu of the holding of a general meeting of the Company to approve the Acquisition. The written Shareholders' approval of the closely allied group of Shareholders has been obtained on 11 November 2011.

The respective names and shareholdings in the Company as at the Latest Practicable Date of the abovementioned Shareholders are as follows:

Name of Shareholders	Number of Shares	Approximate Percentage of Shareholding
China Harvest	142,081,611	13.42%
China Lion	142,081,611	13.42%
Pronto	135,451,611	12.79%
Unit Century	94,676,874	8.94%
Sea-Sea Marine	142,081,611	13.42%
Pilot Assets	6,737,000	0.64%
Total:	663,110,318	62.63%

China Harvest, China Lion, Pronto, Unit Century, Sea-Sea Marine and Pilot Assets are regarded as closely allied group of the Shareholders because:

1. China Harvest is wholly-owned by Mr. Chen. China Lion is owned as to 60% by Mr. WCH. Pronto is wholly-owned by Mr. Chiu. Unit Century is owned as to 52% by Mr. WCP. Sea-Sea Marine is wholly-owned by Besco Holdings Limited which in turn is wholly-owned by HSBC International Trustee Limited in its capacity as trustee of a discretionary trust, The Lowndes Foundation, with Mr. Hsu as settlor. Each of China Harvest, China Lion, Pronto, Unit Century and Sea-Sea Marine holds approximately 21.43%, 21.43%, 21.43%, 14.28% and 21.43% respectively of Pilot Assets.

2. Each of Mr. Chen, Mr. WCH, Mr. Chiu, Mr. WCP and Mr. Hsu are among the founders of the Group, which was set up in 2001. Except for Mr. WCP who has retired as head of operations in 2008, they have worked very closely and continually with regards to the Group. Mr. WCP is the brother of Mr. WCH. Before his retirement as head of operations in 2008, Mr. WCP was responsible for overseeing the overall vessel scheduling of the fleet. Mr. WCP remains as a director of various subsidiaries of the Company.

3. Mr. Hsu is the chairman of the Group. Mr. WCH is the managing Director and executive Director. Mr. Chen is an executive Director. Mr. Chiu is a managing director of Courage Maritime Technical Services Corp. a wholly-owned subsidiary of the Group.

4. Each of Sea-Sea Marine, China Lion, China Harvest, Pronto, Unit Century, Pilot Assets, Mr. Hsu, Mr. WCH, Mr. Chen, Mr. Chiu and Mr. WCP are regarded as controlling Shareholders within the meaning ascribed thereto under the Listing Rules and would together be regarded as "acting in concert" for the purpose of Hong Kong Code on Takeovers and Mergers.

According to Rule 14.67(6)(b) of the Listing Rules, on an acquisition of any revenue-generating assets (other than a business or company) with an identifiable income stream or assets valuation, certain historical financial information and valuation of the assets being acquired and pro forma financial information of the listed issuer's group combined with the assets being acquired should be included in the circular for a major transaction. The Vessel does not currently exist and there is no identifiable income stream or asset valuation available as at date of this circular. Hence, Rule 14.67(4)(b) of the Listing Rules should not apply to the Acquisition.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the appendices to this circular.

Yours faithfully
For and on behalf of the Board
Courage Marine Group Limited
Hsu Chih-Chien
Chairman

(A) FINANCIAL INFORMATION

The following is the audited consolidated income statements and the assets and liabilities of the Group for each of the three years ended 31 December 2008, 2009 and 2010 together with accompanying notes:

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 HM 11, 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	**Leasehold improvements**	**Vessels**	**Furniture, fixtures and equipment**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*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

(B) STATEMENT OF INDEBTEDNESS

Apart from intra-group liabilities, as at the close of business on 30 September 2011, the Group had no debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, distinguishing between guaranteed, unguaranteed, secured and unsecured, and guaranteed, unguaranteed, secured and unsecured bank borrowings including, bank loans and overdrafts or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credit, hire purchase or finance lease commitments, guarantees or other material contingent liabilities.

(C) WORKING CAPITAL STATEMENT

Provided that the bank loan for 70% of the Consideration payable by Heroic Marine to the Seller will be granted by bank, the Directors are of the opinion that, in the absence of unforeseen circumstances and after taking into account the present internal financial resources of the Group and the available credit facilities, the Group will, immediately following the completion of the Acquisition, have sufficient working capital for at least 12 months from the date of this circular.

(D) MATERIAL ADVERSE CHANGE

There has been or may be a material adverse change in the financial or trading position of the Group since 31 December 2010 (being the date to which the latest published audited accounts of the Company have been made up) as the Group's revenue decreased by approximately 65% from approximately US$29.1 million in the six months ended 30 June 2010 to approximately US$10.1 million in the six months ended 30 June 2011. The vessel chartering services of the Group rely heavily 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 the Group 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 the Group's chartering services since March 2011. The above led to a decrease in the overall utilisation rate of the Group's vessels. Given the approximate 57% decrease in the Baltic Dry Index ("BDI") from the average of approximately 3,100 points for the first half of 2010 to the average of approximately 1,400 points for the first half of 2011, our revenue decreased by 65% in the first half of 2011 compared to the same period in 2010 because of the decrease in freight rates.

Save as disclosed, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2010 (being the date to which the latest published audited financial statements of the Company were made up).

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, so far as is known to the Directors, the interests and short positions of each of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) 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 were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange were 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 Mr. Hsu as settlor. Mr. Hsu is deemed to be interested in the Shares held by Sea-Sea Marine under the SFO.

2. These Shares are registered in the name of China Lion, the entire issued share capital of which is owned by Mr. WCH as to 60% and by Wang Ho as to 40%. Mr. WCH 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 Mr. Chen. Mr. Chen is deemed to be interested in the Shares held by China Harvest under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were deemed or taken to have under such provisions of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register to therein, or which were required, pursuant to Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the following person (not being Director or chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were 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 other member 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%
Yeh Wen-Yao *(Note 1)*	Interest of spouse	142,081,611	13.419%
China Lion	Beneficial owner	142,081,611	13.419%
Wang Ho *(Note 2)*	Interest of spouse	142,081,611	13.419%
China Harvest *(Note 3)*	Beneficial owner	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 Mr. Hsu as settlor of the trust. Yeh Wen-Yao is the spouse of Mr. Hsu. Besco, HSBC Trustee in its capacity as trustee of a discretionary trust with Mr. Hsu as settlor of the trust and Yeh Wen-Yao are all deemed to be interested in the Shares held by Sea-Sea Marine under the SFO.

2. China Lion is owned as to 60% by Mr. WCH and as to 40% by Wang Ho. Wang Ho is the spouse of Mr. WCH. Wang Ho is deemed to be interested in the Shares held by China Lion under the SFO.

3. China Harvest is wholly-owned by Mr. Chen.

4. Pronto is wholly-owned by Mr. Chiu. Kuo Mei-Yuan is the spouse of Mr. Chiu. Mr. Chiu 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 Mr. WCP. Hsuen A-Chou is the spouse of Mr. WCP. Mr. WCP and Hsuen A-Chou are deemed to be interested in the Shares held by Unit Century under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was 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 Company.

3. DIRECTORS' OTHER INTERESTS

Mr. Hsu, a non-executive Director, and his family have been carrying on vessel chartering business (in addition to those of the Group) through a fleet of handysize vessels. As at the Latest Practicable Date, this fleet has 7 handysize vessels which are owned by Mr. Hsu'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.

Save for Mr. Hsu, the management of Hsu Companies is entirely independent and separate from the management of the Group. Mr. Hsu does not participate in the day-to-day management or operations of both Hsu Companies and the Group. The marketing function, including promotion and charter terms negotiation, is delegated to other Directors and senior management, and hence Mr. Hsu have little scope in influencing the decision of the Group's charterers. Details of Mr. Hsu's competing interests had been disclosed in the listing document of the Company dated 21 June 2011.

Save as disclosed above, as at the Latest Practicable Date, so far as the Directors are aware of, none of themselves or their respective associates had any interest in a business which competes or may compete with the business of the Group or any other conflicts of interest with the Group.

Pursuant to a lease agreement made between Chou Hsiu-Ma ("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 lessor, Chou, is the wife of Chang Shun-Chi who is a non-executive Director. Save as disclosed above, as at the Latest Practicable Date, none of the Directors has any interests, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Company since 31 December 2010, being the date to which the latest published audited financial statements of the Group were made up and there is no contract or arrangement entered into by any member of the Group subsisting at the date of this circular in which any Director is materially interested and which is significant to the business of the Group.

4. LITIGATION AND CLAIMS

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.

Save as disclosed above, as at the Latest Practicable Date, none of the members of the Group were engaged in any litigation or claims of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

5. SERVICE CONTRACTS

(a) Executive Directors

Mr. WCH entered into a service agreement with our Company on 1 July 2005, pursuant to which he has been appointed as the managing Director 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. WCH is entitled to an annual salary of US$120,000 and his appointment is subject to the normal retirement provisions under the Bye-laws. Mr. WCH 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.

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 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 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

Mr. Hsu entered into a service agreement with the Company on 7 May 2008, pursuant to which he has been appointed as the Director 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 Bye-laws.

Sun Hsien-Long ("Mr. Sun") had not entered into a service agreement with the Company as at the Latest Practicable Date and was appointed as a non-executive Director 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 Bye-laws.

Chang Shun-Chi ("Mr. Chang") had not entered into a service agreement with the Company as at the Latest Practicable Date and was appointed as a non-executive Director 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 Bye-laws.

(c) Independent non-executive Directors

Sin Boon Ann ("Mr. Sin") had not entered into a service agreement with the Company as at the Latest Practicable Date. Mr. Sin's appointment is subject to the normal retirement provisions under the Bye-laws.

Chu Wen Yuan ("Mr. Chu") had not entered into a service agreement with the Company as at the Latest Practicable Date. Mr. Chu's appointment is subject to the normal retirement provisions under the Bye-laws.

Lui Chun Kin, Gary ("Mr. Lui") had not entered into a service agreement with the Company as at the Latest Practicable Date. Mr. Lui's appointment is subject to the normal retirement provisions under the Bye-laws.

Save as disclosed above, none of the Directors has entered or has proposed to enter into any service agreements with the Company or any other member of the Group (other than contracts expiring or determinable by the employer with 1 year without payment of compensation other than the statutory compensation.)

6. MATERIAL CONTRACT

Save for AIC-SP Agreement, Supplemental AIC-SP Agreement, AIC Deed of Indemnity, Deed of Non-competition, Deed of Indemnity, Second Undertaking, no contracts, not being contracts in the ordinary course of business of the Company or any of its subsidiaries, has been entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date.

7. MISCELLANEOUS

(a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(b) The headquarters and the principal place of business of the Company in Hong Kong is located at Suite 1801, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong.

(c) The principal share registrar is Codan Services Limited, Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(d) The Singapore transfer office of the Company is Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-00, DBS Building Tower Two, Singapore 068809.

(e) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(f) The company secretary of the Company is Ms. Lee Pih Peng, who 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. The joint company secretary of the Company is Mr. Hon Kwok Ping Lawrence, who is a fellow member of the Hong Kong Institute of Certified Public Accountants.

(g) The English text of this circular shall prevail over the Chinese text in the event of any inconsistency.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the headquarter and principal place of business of the Company in Hong Kong at Suite 1801, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong up to and including 28 November 2011:

(a) the memorandum of association of the Company and Bye-Laws;

(b) the service contracts referred to in the paragraphs headed "Service contracts" in this appendix;

(c) the material contracts referred to in the paragraph headed "Material contracts" in this appendix;

(d) the annual reports of the Company for each of the two financial years ended 31 December 2010; and

(e) this circular.