WAH KWONG
MARITIME TRANSPORT HOLDINGS LIMITED
華 光 海 運 控 股 有 限 公 司

(incorporated in the Cayman Islands with limited liability)
Stock code : 0067

Global Offering

Global Coordinator

CAZENOVE
Cazenove Asia Limited

Joint Sponsors, Joint Bookrunners and Joint Lead Managers

ANGLO CHINESE
CORPORATE FINANCE, LIMITED

CAZENOVE
Cazenove Asia Limited

CHINA VENTURE

IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

WAH KWONG
MARITIME TRANSPORT HOLDINGS LIMITED
華光海運控股有限公司
(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**125,000,000 Shares (subject to the Over-allotment Option)**
Number of Public Offer Shares	**:**	**12,500,000 Shares (subject to adjustment)**
Number of International Offering Shares	**:**	**112,500,000 Shares (subject to adjustment and the Over-allotment Option)**
Offer Price	**:**	**not more than HK$10.20 per Offer Share, and expected to be not less than HK$7.78 per Offer Share, payable in full on application subject to refund on final pricing, plus brokerage of 1%, SFC transaction levy of 0.004%, and Hong Kong Stock Exchange trading fee of 0.005%**
Nominal Value	**:**	**HK$0.10 per Share**
Stock Code	**:**	**67**

Global Coordinator

CAZENOVE
Cazenove Asia Limited

Joint Sponsors, Joint Lead Managers and Joint Bookrunners

(in alphabetical order)

ANGLO CHINESE
CORPORATE FINANCE, LIMITED

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The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus. The securities have not been registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to US persons (other than distributors) unless the securities are registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available.

A copy of this prospectus, having attached thereto the documents specified in "Appendix VIII — Documents Delivered to the Registrar of Companies and Available for Inspection" to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong, the Hong Kong Stock Exchange and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any of the other documents referred to above.

Application has been made to the Listing Committee of the Hong Kong Stock Exchange for listing of, and permission to deal in, the Shares on the Hong Kong Stock Exchange, including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option. Dealings in the Shares on the Hong Kong Stock Exchange are expected to commence at 9:30 a.m. on 11 June 2008.

The Offer Price is expected to be fixed by agreement between the Joint Lead Managers (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around 3 June 2008 and, in any event, not later than 10 June, 2008. The Offer Price will be announced in the South China Morning Post (in English) and in the Hong Kong Economic Times (in Chinese) as soon as practicable after the Offer Price is fixed. The Offer Price will be not more than HK$10.20 per Offer Share and is currently expected to be not less than HK$7.78 per Offer Share. Applicants for Public Offer Shares are required to pay, on application, the maximum offer price of HK$10.20 for each Public Offer Share together with 1% brokerage, 0.004% SFC transaction levy, and 0.005% Hong Kong Stock Exchange trading fee subject to refund if the Offer Price as finally determined is less than HK$10.20.

If, for any reason, we and the Joint Lead Managers (on behalf of the Underwriters) are unable to reach an agreement on the Offer Price, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

The Joint Lead Managers (on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus (which currently is HK$7.78 to HK$10.20) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Offer Shares and/or the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. If applications for Public Offer Shares have been submitted prior to the day that is the last day for lodging applications under the Hong Kong Public Offering, then even if the number of Offer Shares and/or the indicative Offer Price range is so reduced, such applications cannot be subsequently withdrawn. Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for the Public Offer Shares" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Public Offer Shares are subject to termination by the Joint Lead Managers (on behalf of the Hong Kong Underwriters) if certain grounds arise at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such grounds are set out in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the US Securities Act and may not be offered or sold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

Prospective investors should read the entire document carefully and, in particular, should consider the matters discussed in the section headed "Risk Factors" in this prospectus.

29 May 2008

EXPECTED TIMETABLE[1]

Latest time to lodge **pink** Application Forms . . . . . 4:00 p.m. on 2 June 2008

Application lists open[2] . . . . . 11:45 a.m. on 3 June 2008

Latest time to lodge **white** and **yellow** Application Forms . . . . . 12:00 noon on 3 June 2008

Latest time to give **electronic application instructions** to HKSCC[3] . . . . . 12:00 noon on 3 June 2008

Application lists close . . . . . 12:00 noon on 3 June 2008

Expected Price Determination Date . . . . . 3 June 2008

Announcement of the Offer Price, level of indication of interest in the International Offering and the application results and basis of allocation of the Public Offer Shares to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on . . . . . 10 June 2008

Results of allocation with successful applicants' identification document numbers, where appropriate, will be available through a variety of channels including the websites of the Exchange and the Company and as described in the section headed "How to Apply for the Hong Kong Offer Shares — Publication of Results" in this prospectus from . . . . . 10 June 2008

Despatch of share certificates or refund cheques on or before[4] . . . . . 10 June 2008

Dealings in Shares on the Main Board of the Hong Kong Stock Exchange expected to commence on . . . . . 9:30 a.m. on 11 June 2008

Notes:

(1) All times refer to Hong Kong local time except where otherwise stated. Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus. Note that each of these times may be subject to change.

(2) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on 3 June 2008, the application lists will not open on that day. Please refer to the section headed "How to Apply for the Public Offer Shares — Effect of bad weather on the opening of the application lists" in this prospectus.

(3) Applicants who apply for Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for the Public Offer Shares — Applying by Giving Electronic Application Instructions to HKSCC" in this prospectus.

(4) Refund cheques will be issued in respect of wholly and partially unsuccessful applications, and also in respect of successful applications in the event that the Offer Price as finally determined is less than the offer price per Offer Share initially paid on application. Part of your Hong Kong Identity Card number/Passport number, or, if you are joint applicants, part of the Hong Kong Identity Card number/Passport number of the first-named applicant, provided by you may be printed on your refund cheque, where appropriate. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong Identity Card number/Passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong Identity Card number/Passport number may lead to delay in encashment of or may invalidate your refund cheque. If you have applied for 1,000,000 Public Offer Shares or more and have indicated in your Application Form that you wish to collect your Share certificate(s) (where applicable) and refund cheque(s) (where applicable) in person, you may collect your share certificate(s) (where applicable) and your refund cheque(s) (where applicable) from our Hong Kong Share Registrar from 9:00 a.m. to 1:00 p.m. on 10 June 2008 or any other day notified by us in the newspapers as the date of despatch of Share certificates and/or refund cheques. If you are an individual who opts for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant who opts for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Share Registrar. Uncollected share certificates and refund cheques after the time specified for collection will be despatched by ordinary post at the applicant's own risk to the address specified in the relevant Application Form. If you have applied for less than 1,000,000 Public Offer Shares or have applied for 1,000,000 Public Offer Shares or more but have not indicated in the Application Form that you wish to collect share certificate(s) (where applicable and if applying by using a **white** Application Form) and/or refund cheques(s), your share certificate(s) (where applicable and if applying by using a **white** Application Form) and/or refund cheque(s) will be sent to the address on the Application Form on 10 June 2008, by ordinary post and at your own risk. For further information, please refer to the section headed "How to Apply for the Public Offer Shares" in this prospectus.

Applicants who apply on **pink** Application Forms may collect their Share certificates and/or refund cheques (where applicable) in person from the Company Secretary, Mr KAM Koon Tong, David, at the Company's head office and principal place of business in Hong Kong at Unit 2103, 21/F, Shanghai Industrial Investment Building, 48-62 Hennessy Road, Wanchai, Hong Kong from 9:00 a.m. to 5:00 p.m. on 10 June 2008.

For details of the structure of the Global Offering, including conditions thereto, you should refer to the section headed "Structure of the Global Offering" of this prospectus.

Share certificates will only become valid certificates of title if the Global Offering has become unconditional and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is expected to be at around 8:00 a.m. (Hong Kong time) on the Scheduled Listing Date. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

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You should rely only on the information contained in this prospectus and the application forms to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Joint Leading Managers, the Joint Sponsors, any of the Underwriters, any of their respective directors, or any other person or party involved in the Global Offering.

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This summary aims to give you an overview of the information contained in this prospectus. Because this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors". You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We own, and jointly own through joint venture arrangements, one of the youngest fleets of modern mid to large sized bulkcarriers and tankers in the world, with an average age of around 2.3 years. Our principal sources of revenue are revenues from charterhire and the proceeds arising from disposals of vessels. We focus on ships suitable for the long haul transportation of major dry bulk cargoes such as iron ore, coal and grain; and crude and refined oil, all of which are most economically performed when transported in large volumes by sea. As at the Latest Practicable Date, Our Fleet consists of:

- 3 capesize bulkcarriers;
- 2 panamax bulkcarriers;
- 2 supramax bulkcarriers;
- 3 VLCCs; and
- 1 panamax crude tanker.

The ownership and operation of vessels require both commercial management and technical management services. Commercial management is the management of acquisition, chartering and disposal of the vessels in Our Fleet which is performed independently by our management. Technical management is the management of the technical operations of the actual vessels, which is contracted out to WKS Management, a subsidiary of Wah Kwong Holdings. Further details of the continuing connected transactions constituted by the provision of technical management services by WKS Management are set out in the section headed "Relationship with Wah Kwong Holdings — Connected Transactions". Other than the outsourcing of technical management services to our controlling shareholder, all of the Group's suppliers and customers are independent of the Group, and all other operational functions are performed in-house including the commercial management of the vessels, accounting and human resources.

The average age of our bulkcarriers and tankers is 1.5 year and 3.6 years, respectively, which is substantially younger than the world average age of 16.0 years and 11.9 years[(1)]. Our tankers are all

(1) According to MSI, March 2008

double hull designs, which meet IMO requirements for operation beyond 2010. The total dead weight tonnage of our existing fleet of 11 vessels is 1,773,000 tonnes. Of these vessels, three are wholly-owned, six are held by 50:50 joint ventures with established and independent business partners, and the remaining two represent minority held interests.

The current ships in Our Fleet were all acquired as new and incorporated modern technologies offered by shipbuilders when acquired. A young and modern fleet has many attractions, both from an ownership and chartering point of view. Operating costs are lower, off-hire days for repairs and maintenance are reduced and by utilising modern ship design technology and equipment, Our Fleet benefits from the latest advances in fuel efficient marine propulsion systems with optimum cargo carrying capacity. For the years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2007, the utilisation rates of Our Fleet of operating vessels (excluding the two vessels held by Vessel Companies in which we hold minority interests) were 100%, 100%, 99.6% and 98.7%, respectively.

The contracted newbuildings, which we will wholly-own, or through joint venture arrangements, will jointly own, and which are to be delivered between 2009 and 2011, consist of:

- 2 capesize bulkcarriers;
- 2 post-panamax bulkcarriers; and
- 7 supramax bulkcarriers.

The Company has an ongoing newbuilding programme to maintain a low average age of the Fleet and position the Wah Kwong Maritime Group for sustained growth. Since the start of the Track Record Period, the Wah Kwong Maritime Group's ongoing newbuilding programme has resulted in a net increase of three ships to the Fleet, plus the additional 11 newbuildings mentioned above which are currently on order. Including our newbuildings, the total dead weight tonnage of Our Fleet is 2,687,000 tonnes. These committed newbuilding orders provide growth to Our Fleet of 100% by vessel numbers and 52% in terms of deadweight tonnage, enchancing our earnings capability and the size of Our Fleet.

All of our ships are placed on time charters to a diversified group of internationally recognised charterers, including Euronav NV, The Sanko Steamship Company Limited, Bocimar Belgium NV, Glencore International AG, Noble Chartering Limited and Western Bulk ASA. It is the Wah Kwong Maritime Group's policy to time charter its Fleet for terms of one to five years, depending on prevailing market conditions at the time and our assessment of the future outlook of the shipping market. It is an aim of the Wah Kwong Maritime Group to negotiate the time charters of newbuildings during their construction phase, with the objective that they will be employed immediately following delivery of the vessels by the shipyard. Period time charters avoid the volatility and possible idle vessel time associated with operating a vessel on the spot market. Furthermore, the secured employment of a vessel also enables the Wah Kwong Maritime Group to negotiate more favourable terms for the acquisition finance of the vessel. Additionally, a varied portfolio of time charter periods affords the Wah Kwong Maritime Group the opportunity to sell vessels at opportune moments, which enables us to maintain a low average fleet age.

The average current charter rate of the Wah Kwong Maritime Group's Fleet of capesize, panamax and supramax bulkcarriers is US$25,150, US$42,800 and US$33,250 per day, respectively. In 2007, the five year time charter rates for capesize, panamax and supramax bulkcarriers increased approximately 82%, 93% and 75%, respectively, from 2006 levels[(2)].

Our success relies on maintaining long term and good relationships with high quality charterers, given our strategy of time chartering Our Fleet. Whilst during the Track Record Period there has been no default by any of our charterers, there can be no assurance that our existing charterers will not default on their contractual obligations in the future, which may have a material affect on our operating results. This risk and other risks involved in our operations are set out in the section headed "Risk Factors" of this prospectus.

Our results can also be affected materially by the number of vessels sold in a financial year and the prices at which they are sold. Depending on market conditions, we will dispose of a vessel when an opportunity arises that fits our business plans and strategies. During the four years ended 31 March 2005, 2006, 2007 and 2008, we disposed of ten, one, three and one vessels, respectively, and took delivery of six, four, five, and four vessels. In the current financial year, we expect to take delivery of one vessel in January 2009 and have agreed to dispose of one vessel which disposal is expected to be completed in September 2008.

The origins of our shipping business extend for over 55 years. Our Board and senior management have considerable experience in shipping operations and have long standing and close relationships with major shipyards, charterers, the Hong Kong Shipowners Association, and other private and government shipping related bodies, which is one of the key strengths of the Group. Most of our staff have worked in the Wah Kwong Holdings Group for many years, providing a long record of service to ensure the safe, reliable and profitable operation of ships, continuing to maintain our Company's position as a company with a global presence and reputation in the shipping industry.

OUR STRENGTHS

We believe that we have the following competitive strengths:

- Young and modern fleet of vessels maintained by an ongoing newbuilding programme
- Focused fleet of bulkcarriers and tankers
- Long standing relationships with charterers, shipyards and shipping related organisations in Asia
- Stable cash flow and strong balance sheet for growth
- Depth of management experience and established operating systems with a track record spanning over half a century

(2) According to MSI, March 2008.

OUR STRATEGIES

Our strategies are:

- Maintaining a low average age of the fleet
- Maintaining a focused fleet of vessels targeting PRC and Asian opportunities
- Acquisitions supported by appropriate financing and time charter
- Selecting high quality charterers
- Enhancing our service to existing customers and broadening our customer base

OUR FLEET

Table – List of the Wah Kwong Maritime Group's Fleet

Vessel *(Note 1)*	Type	Owned *(Note 2)*	Built/ Delivery	Age *(years)*	Dwt *(tons)*	Builder (location)
Bulkcarriers						
MINERAL CAPEASIA	Capesize bulkcarrier	16.7%	Sep 2005	2.7	174,000	Waigaoqiao S/Y (China)
CHINA VENTURE	Capesize bulkcarrier	50.0%	Nov 2005	2.5	175,000	Waigaoqiao S/Y (China)
CEMTEX VENTURE	Panamax bulkcarrier	50.0%	Aug 2006	1.8	73,000	Jiangnan S.Y. (China)
CAPE SHANGHAI	Capesize bulkcarrier	16.7%	Mar 2007	1.2	174,000	Waigaoqiao S/Y (China)
SHANGHAI VENTURE	Geared supramax bulkcarrier	100.0%	Apr 2007	1.1	53,000	Shanghai Chengxi (China)
GOLDEN VENTURE	Geared supramax bulkcarrier	100.0%	Jul 2007	0.8	53,000	Shanghai Chengxi (China) *(Note 3)*
PRISCILLA VENTURE	Panamax bulkcarrier	50.0%	Mar 2008	0.2	76,000	Oshima (Japan)
Average age				1.5		
Subtotal					778,000	
Tankers						
VENTURE SPIRIT	VLCC tanker	100.0%	Jun 2003	5.0	298,000	Universal S.B. (Japan) *(Note 4)*
ARDENNE VENTURE	VLCC tanker	50.0%	Sep 2004	3.7	318,000	Hyundai H.I (South Korea)
STARLIGHT VENTURE	VLCC tanker	50.0%	Nov 2004	3.5	318,000	Hyundai H.I. (South Korea)
MOONLIGHT VENTURE	Panamax crude tanker	50.0%	Feb 2006	2.4	61,000	Sumitomo H.I. (Japan)
Average age				3.6		
Subtotal					995,000	
Ordered newbuildings						
CHENGXI H-4253	Geared supramax bulkcarrier	100.0%	Jan 2009	—	53,000	Chengxi (China)
CHENGXI H-4247	Geared supramax bulkcarrier	50.0%	Jun 2009	—	53,000	Chengxi (China)
CHENGXI H-4248	Geared supramax bulkcarrier	50.0%	Aug 2009	—	53,000	Chengxi (China)

Vessel *(Note 1)*	Type	Owned *(Note 2)*	Built/ Delivery	Age *(years)*	Dwt *(tons)*	Builder (location)
CHENGXI H-4250	Geared supramax bulkcarrier	100.0%	Nov 2009	—	53,000	Chengxi (China)
CHENGXI H-4251	Geared supramax bulkcarrier	100.0%	Oct 2010	—	53,000	Chengxi (China)
SWS H-1149	Capesize bulkcarrier	50.0%	Nov 2010	—	177,000	Waigaoqiao S/Y (China)
CHENGXI H-4252	Geared supramax bulkcarrier	50.0%	Nov 2010	—	53,000	Chengxi (China)
DSIC BC 1800-28	Capesize bulkcarrier	100.0%	Nov 2010	—	180,000	Dalian (China)
CHENGXI H-4254	Geared supramax bulkcarrier	100.0%	Dec 2010		53,000	Chengxi (China)
WBC93-01	Post-panamax bulkcarrier	50.0%	Dec 2010	—	93,000	Shanhaiguan (China)
WBC93-02	Post-panamax bulkcarrier	50.0%	Feb 2011	—	93,000	Shanhaiguan (China)
Subtotal					914,000	
Total					2,687,000	

Notes:

1. All vessels fly the Hong Kong flag.

2. Ownership of 16.7%, 50.0% and 100.0% represents minority interest, 50:50 joint venture and wholly owned subsidiary of the Company, respectively.

3. We have entered into an agreement in principle to sell 'GOLDEN VENTURE' to an unrelated third party. Completion of the sale is not expected to occur until September 2008. For further details, please refer to "Summary—Subsequent Events" and "Financial Information—Subsequent Events" in this prospectus.

4. At the time of construction of 'VENTURE SPIRIT', the shipbuilder Universal S.B., was then known as Hitachi Zosen.

Our Fleet of operating vessels (excluding the two vessels held by Vessel Companies in which we hold minority interests) was valued by Fearnleys at US$869.0 million (HK$6,778.2 million) and our 11 newbuildings at US$701.5 million (HK$5,471.7 million) as at 15 April 2008. Similarly, the attributable value of the Fleet to Wah Kwong Maritime Group was approximately US$610.7 million (HK$4,763.5 million), and the attributable value to our 11 newbuildings was approximately US$515.8 million (HK$4,023.2 million). The ship valuation report is set out in Appendix V to this prospectus.

As at 31 December 2007, the carrying value of our operating vessels (excluding the two vessels held by Vessel Companies in which we hold minority interests) and the newbuildings attributable to Wah Kwong Maritime Group was approximately US$277.6 million (HK$2,165.3 million), and the total capital commitments in relation to those newbuildings was approximately US$342.7 million (HK$2,673.1 million). Following this date, the Wah Kwong Maritime Group's capital commitments increased by US$52.8 million (HK$411.8 million) in relation to the two post-panamax vessels ordered.

WAIVER IN RELATION TO RULE 4.04(1) OF THE HONG KONG LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH PARAGRAPHS 27 AND 31 OF THE THIRD SCHEDULE TO THE HONG KONG COMPANIES ORDINANCE

According to Paragraph 27 of the Third Schedule to the Hong Kong Companies Ordinance, we are required to include in this prospectus a statement as to the gross trading income or sales turnover (as the case may be) of our Company during each of the three financial years immediately preceding the issue of this prospectus.

According to Paragraph 31 of the Third Schedule to the Hong Kong Companies Ordinance, we are required to include in this prospectus a report by our auditors with respect to profits and losses and assets and liabilities of our Company in respect of each of the three financial years immediately preceding the issue of this prospectus.

Pursuant to rule 4.04(1) of the Hong Kong Listing Rules, we are required to include in this prospectus the accountants' report covering the results of the Group in respect of each of the three financial years immediately preceding the issue of this prospectus.

The accountants' report for each of the three years ended 31 March 2007 and the nine months ended 31 December 2007 has been prepared and is set out in Appendix I to this prospectus.

An application has been made to the SFC for a certificate of exemption from strict compliance with paragraphs 27 and 31 of the Third Schedule to the Hong Kong Companies Ordinance in relation to the inclusion of the accountants' report for the full year ended 31 March 2008 in this prospectus on the ground that it would be unduly burdensome for us to do so within a short period of time after 31 March 2008. A certificate of exemption has been granted by the SFC under section 342A(1) of the Hong Kong Companies Ordinance on the condition that particulars of such exemption are set out in this prospectus and this prospectus will be issued on or before 29 May 2008.

An application has also been made to the Hong Kong Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Hong Kong Listing Rules in relation to the inclusion of the accountants' report for the full year ended 31 March 2008 in this prospectus on the ground that it would be unduly burdensome for us to do so within a short period of time after 31 March 2008, and such waiver has been granted by the Hong Kong Stock Exchange on the understanding that this prospectus will be issued on 29 May 2008 and subject to the granting of a certificate of exemption from strict compliance with the relevant requirements of the Hong Kong Companies Ordinance by the SFC and that the Listing Date will be on or before 30 June 2008.

Our Directors consider that all information reasonably necessary for potential investors to make an informed assessment of the activities or the financial position of the Group has been included in this prospectus.

Our Directors confirm that they have performed sufficient due diligence on the Group to ascertain and confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2007 and there has been no event since 31 December 2007 which would materially affect the information shown in the Accountants' Reports set out in Appendix I to this prospectus.

SUMMARY HISTORICAL COMBINED FINANCIAL INFORMATION

You should read the selected historical combined financial information set forth below in conjunction with the Accountants' Report set out in Appendix I to this prospectus. The combined profit and loss information for the Track Record Period and the combined balance sheet information for the Track Record Period set forth below are derived from the Accountants' Report set out in Appendix I to this prospectus.

COMBINED INCOME STATEMENTS

	Year ended 31 March			Nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Revenue[1]	240,181	45,592	133,636	49,811	74,442
Cost of operations	(138,177)	(28,270)	(94,565)	(24,456)	(45,426)
Gross profit[1]	102,004	17,322	39,071	25,355	29,016
Other income	126	7	104	18	292
Selling, administrative and general expenses *(note)*	(1,165)	(382)	(581)	(462)	(754)
Operating profit	100,965	16,947	38,594	24,911	28,554
Finance income	53	239	833	434	628
Finance costs	(3,552)	(5,110)	(7,334)	(5,588)	(6,190)
Share of profits of associated companies	1,742	279	520	392	980
Profit before taxation	99,208	12,355	32,613	20,149	23,972
Taxation	—	—	—	—	—
Profit for the year/period	99,208	12,355	32,613	20,149	23,972
Distributions	49,985	1,730	12,798	8,376	34,028

Note: Prior to the Reorganisation, certain head office functions and expenses were applicable to the companies under the common control of the Wah Kwong Holdings Group as a whole. Following the Reorganisation, the Company has those expenses as a separate company going forward. These expenses were not reflected in our combined financial statements for the Track Record Period since they were absorbed by Wah Kwong Holdings or its subsidiaries not forming the Group. Please refer to the section headed "Financial Information — Description of Selected Income Statement Line Items — Cost of Operations" and "Financial Information — Description of Selected Income Statement Line Items — Selling, administrative and general expenses" of this prospectus for further details.

(1) Maintaining a young fleet by keeping shipping assets as young as possible is part of our operating strategy. We aim to purchase only new vessels and to dispose of older ships when appropriate opportunities emerge. Factors included in the decision to dispose of a vessel include the market price, future earnings prospects for the vessel and whether the sale of the vessel versus retention for continued trade is in the best interests of the current and future financial position of the Group. Other factors which are relevant in the analysis of whether to dispose of a vessel include future maintenance costs, particularly any impending scheduled drydocking. Proceeds from the sale of vessels are recognised upon the completion of the sale and purchase agreements when legal title is transferred to the purchaser. We disposed of ten vessels during the financial year ended 31 March 2005, one in the financial year ended 31 March 2006 and three in the financial year ended 31 March 2007. During the nine months ended 31 December 2007, we disposed of one vessel. For the years ended 31 March 2005, 2006, 2007 and for the nine months ended 31 December 2007, our revenue on sales of vessels is US$205,082,000, US$18,142,000, US$95,245,000 and US$36,000,000, respectively (or as a percentage of total revenue is 85.4%, 39.8%, 71.3% and 48.4%, respectively). For the same periods, our gross profit on these sales is US$82,241,000, US$2,605,000, US$14,377,000 and US$4,695,000 respectively (or as a percentage of total gross profit is 80.6%, 15.0%, 36.8% and 16.2%, respectively).

COMBINED BALANCE SHEETS

		31 March		31 December
	2005	2006	2007	2007
	US$'000	*US$'000*	*US$'000*	*US$'000*
ASSETS				
Non-current assets				
Motor vessels	168,691	195,339	191,845	277,566
Associated companies	1,738	287	807	1,787
	170,429	195,626	192,652	279,353
Current assets				
Vessels for sale	15,366	18,979	15,521	—
Trade and other receivable	8,169	5,724	3,783	3,178
Amounts due from fellow subsidiaries	38,717	33,815	36,358	1,044
Amounts due from associated companies	4,885	3,125	4,405	4,405
Cash and bank balances	2,224	8,315	13,517	25,042
	69,361	69,958	73,584	33,669
Total assets	239,790	265,584	266,236	313,022
EQUITY				
Capital and reserves				
Combined share capital	26	26	26	26
Combined reserves	37,693	48,318	68,133	58,077
Total equity	37,719	48,344	68,159	58,103
LIABILITIES				
Non-current liabilities				
Long-term borrowings	113,410	116,390	94,138	136,049
Current liabilities				
Trade and other payable	3,038	3,938	3,977	4,671
Advances from ultimate holding company	—	—	—	71,357
Advances from fellow subsidiaries	63,951	63,234	71,634	27,460
Amounts due to fellow subsidiaries	12,042	10,658	5,963	2,377
Current portion of long-term borrowings	9,630	23,020	22,365	13,005
	88,661	100,850	103,939	118,870
Total liabilities	202,071	217,240	198,077	254,919
Total equity and liabilities	239,790	265,584	266,236	313,022
Net current liabilities	19,300	30,892	30,355	85,201
Total assets less current liabilities	151,129	164,734	162,297	194,152

EFFECT OF REORGANISATION

Net Current Liabilities

The net current liabilities as at 31 March 2005, 2006 and 2007 and as at 31 December 2007 were US$19.30 million, US$30.89 million, US$30.36 million and US$85.20 million which included advances from the ultimate holding company and fellow subsidiaries of US$63.95 million, US$63.23 million, US$71.63 million and US$98.82 million, respectively, and amounts due to fellow subsidiaries of US$12.04 million, US$10.66 million, US$5.96 million and US$2.38 million, respectively. As at the Latest Practicable Date, the advances from the ultimate holding company and fellow subsidiaries were US$125.49 million and the non-trade portion of the amount due to fellow subsidiaries was US$5.94 million. These amounts will be settled as follows: (i) US$6.38 million of such advances from the ultimate holding company and the non-trade portion of the amounts due to fellow subsidiaries outstanding as of the Latest Practicable Date, which was US$5.94 million will be repaid to Wah Kwong Holdings Group prior to Listing; (ii) the advances from the ultimate holding company and fellow subsidiaries in the amount of US$71.63 million will be capitalised prior to the Listing; and (iii) the balance of the advances from the ultimate holding company and fellow subsidiaries of US$47.48 million will be repaid with the proceeds from the Global Offering upon Listing. The Directors expect that following the capitalisation and repayment, the Group will have a net current asset position.

Net Assets

As described in the section entitled "Unaudited pro forma statement of adjusted net tangible assets" in Appendix II, subsequent to 31 December 2007, as a result of the Reorganisation the net asset value of the Group increased by an amount equal to US$71.63 million. This amount has not included any unrealised gains on the vessels of the Group. According to the ship valuation set out in Appendix V, the unrealised gain on the vessels are approximately US$417.67 million. Following the Company's accounting policy, the gain will not be reflected in the accounts of the Group and the vessels are booked at cost less depreciation.

PROFIT ESTIMATE FOR THE YEAR ENDED 31 MARCH 2008

Estimated combined profit attributable to the equity holders of the Company for the year ended 31 March 2008 *(Note 1)* . . . . . Not less than US$34.70 million (Not less than HK$270.66 million)

Unaudited pro forma basic estimated earnings per Share *(Note 2)* . . . . . Not less than US$0.0694 (Not less than HK$0.5413)

Notes:

(1) The bases on which the above profit estimate has been prepared are set out in Appendix III to this prospectus.

(2) The calculation of the unaudited pro forma estimated earnings per Share is based on the estimated combined profit attributable to equity holders of the Company for the year ended 31 March 2008, assuming that the Global Offering was completed on 1 April 2007 and a total of 500,000,000 Shares were in issue during the entire year. This calculation assumes that the Over-allotment Option will not be exercised and no account has been taken of any Shares which may

be issued upon exercise of the options which have been or may be granted under the Pre-IPO Scheme or the Share Option Scheme or any Shares which may be allotted, issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in the paragraph headed "Resolutions of the sole Shareholder" in the section headed "Further information about the Company" in Appendix VII to this prospectus.

OFFER STATISTICS

All statistics in this table are based on the assumption that the Over-allotment Option is not exercised.

	Based on the Offer Price of HK$7.78	**Based on the Offer Price of HK$10.20**
Our Company's market capitalisation upon completion of the Global Offering [(1)]	HK$3,890 million	HK$5,100 million
Prospective price/earnings multiple on a pro forma basis [(2)]	14.37 times	18.84 times
Unaudited pro forma adjusted net tangible asset value per Share [(3)]	US$0.49 (HK$3.82)	US$0.56 (HK$4.40)

Notes:

(1) The calculation of market capitalisation is based on 500,000,000 Shares expected to be in issue following completion of the Global Offering.

(2) The calculation of the prospective price/earnings multiple on a pro forma basis is based on the pro forma estimated earnings per Share and the respective Offer Prices of HK$7.78 and HK$10.20 per Offer Share, assuming that the Global Offering had been completed on 1 April 2007 and a total of 500,000,000 Shares were issued and outstanding during the entire year, and that the Over-allotment Option has not been exercised.

(3) The unaudited pro forma adjusted net tangible asset value per Share is calculated after making the adjustments referred to in the section headed "A. Unaudited Pro Forma Statement of Adjusted Net Tangible Assets" in Appendix II to this prospectus and on the basis of a total of 500,000,000 Shares to be in issue after the Global Offering assuming no exercise of the Over-allotment Option and the respective Offer Prices of HK$7.78 and HK$10.20 per Offer Share (excluding a discretionary fee of up to HK$4.86 million to HK$6.38 million, depending on the size of our offering, that we may, in our sole discretion, decide to pay to the Joint Lead Managers).

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$1,043.64 million (assuming an Offer Price of HK$8.99, being the midpoint of the indicative Offer Price range), after deducting the underwriting commission (excluding a discretionary fee of up to HK$4.86 million to HK$6.38 million, depending on the size of our offering, that we may, in our sole discretion, decide to pay to the Joint Lead Managers) and estimated expenses payable by us in the Global Offering and assuming the Over-allotment Option is not exercised. We intend to use these net proceeds for the following purposes:

- Approximately HK$500.00 million (approximately 47.91% of the net proceeds) will be used to enlarge the size of Our Fleet and optimise the composition of Our Fleet through funding our existing newbuilding programme and placing orders for the construction of newbuildings, while maintaining our focus on the bulkcarrier and oil tanker shipping sectors. Of this amount, approximately HK$351 million will be used for the funding of our ordered newbuildings for the 12 months ending 31 March 2009.

- Approximately HK$134.16 million (approximately 12.86% of the net proceeds) will be used to repay bank borrowings, which were used for the finance of pre-delivery instalments[(1)] for some of our current newbuilding programme, particulars of which are set forth below:

Pre-delivery financing bank	**Due date**	**Interest rate** *(%)*	**Amount** *(US$ million)*
Calyon	31 January 2009	0.85% + LIBOR	17.2

- Approximately HK$370.37 million (approximately 35.49% of the net proceeds) will be used to repay the advances from the ultimate holding company and fellow subsidiaries, and in this regard, approximately HK$370.37 million of the proceeds received into the settlement account of Cazenove with Standard Chartered Bank Hong Kong from the Global Offering shall be held by Cazenove, and the Company has given irrevocable instructions to Cazenove that, subject to the Global Offering becoming wholly unconditional, Cazenove shall apply such sums directly to repay the advances to Wah Kwong Holdings Group upon Listing;

- Approximately HK$39.11 million (approximately 3.75% of the net proceeds) will be used to provide funding for our working capital and other general corporate purposes.

To the extent that the net proceeds of the Global Offering are not immediately applied to the above purposes, we intend to deposit the proceeds in interest-bearing bank accounts, such as short-term savings accounts or basic short-term money market funds, with licensed commercial banks and/or authorised financial institutions in Hong Kong. We will also disclose such temporary deposit in the relevant annual report of our Company.

(1) In some instances the Group may use pre-delivery financing for the stage payments of newbuildings. For further details, please refer to the section headed "Business — Our Business Operations — Our Fleet — Financing for acquisition of vessels" in this prospectus.

The allocation of our net proceeds from the Global Offering among new vessels under construction is based on our current expansion plan in view of prevailing market conditions and may be adjusted corresponding to changes in market conditions and our business operations.

The net proceeds to the Company from the Global Offering, after deducting the underwriting commissions (excluding a discretionary fee of up to HK$4.86 million to HK$6.38 million, depending on the size of our offering, that we may, in our sole discretion, decide to pay to the Joint Lead Managers) and estimated expenses payable by us in the Global Offering and assuming the Over-allotment Option is not exercised, are estimated to be approximately HK$1,189.75 million if the Offer Price as finally determined is HK$10.20, being the highest point of the indicative Offer Price range, and HK$897.54 million if the Offer Price as finally determined is HK$7.78, being the lowest point of the indicative Offer Price range. The above allocations of the proceeds from the Global Offering will be adjusted on a pro rata basis, except for the repayment of the advances from ultimate holding company and fellow subsidiaries and the repayment of our pre-delivery financing, in the event that the Offer Price is fixed at a higher or lower point in the indicative Offer Price range. If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds to our Company from the offering of these additional Shares will be approximately HK$162.66 million, after deducting the underwriting commissions (excluding a discretionary fee of up to HK$0.84 million that we may, in our sole discretion, decide to pay to the Joint Lead Managers) and estimated offering expenses, assuming an Offer Price of HK$8.99, being the midpoint of the indicative Offer Price range. Any additional proceeds received from any exercise of the Over-allotment Option will also be allocated to the above uses on a pro rata basis, except for the repayment of the advances from ultimate holding company and fellow subsidiaries and the repayment of our pre-delivery financing.

DIVIDEND POLICY

For each of the three years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2007, the Group declared and paid dividends of US$17.78 million, US$1.73 million, US$8.30 million and US$34.03 million, respectively, to their then respective shareholders. In addition, the Group had deemed distributions of US$32.21 million, nil, US$4.50 million and nil for the years ended 31 March 2005, 2006 and 2007 and for the nine months ended 31 December 2007, respectively. Our deemed distributions represent the deemed distribution of the net assets of certain subsidiaries and jointly-controlled entities of the Wah Kwong Holdings Group that were involved in our business, but had disposed of their related vessels during the Track Record Period and are not included in the Group after the Reorganisation, to their respective equity holders at the time. You should note that historical dividend distributions are not indicative of our future dividend distribution policy.

After completion of the Global Offering, we may issue dividends to our Shareholders. We are not required to pay dividends, and our Shareholders will not be guaranteed, or have contractual or other rights, to receive dividends. A decision to declare or to pay any dividends in the future, and the amount of any dividends, if declared and paid, will be based on the recommendation of our Board of Directors in accordance with our Articles of Association, and will be subject to and depend upon our results of operations, cash requirements and availability, future prospects, contractual restrictions, statutory or regulatory restrictions and other factors which our Directors may deem relevant. The payment and amount of any dividends will be at the discretion of our Directors, and in the case of final dividends,

subject to obtaining Shareholders' approval. There are a number of factors that can affect our ability to pay dividends and there is no guarantee that we will pay dividends in any given year. See "Risk Factors" for a discussion of these factors and the cautionary notice regarding forward-looking statements contained in "Forward-looking Statements".

In addition, we will not pay dividends in the event we are not permitted to do so under Cayman Islands law, are in default under (or such payment would cause a default under) our debt facilities, or if such payment would cause us to breach any of our covenants. Please see the section headed "Financial Information" under the subheading "Indebtedness" for a description of these covenants and Appendix VI to this prospectus for the limitation under Cayman Islands law. Furthermore, since we are a holding company, substantially all of the assets shown on our consolidated balance sheet are held by our subsidiaries. Accordingly, our ability to pay cash dividends will also depend upon the earnings and cash flows of our subsidiaries and the distribution or other payment of such earnings, if any, to us in the form of dividends. Moreover, the ability of any subsidiary to declare and pay dividends to us at any given time may be restricted by covenants contained in the debt facility under which it has borrowed funds.

Subject to the above factors, we intend to declare and recommend dividends of not less than 70% of our consolidated profit after tax for the year ending 31 March 2009, excluding gains from sales of vessels being the total proceeds from sales of vessels less the cost of vessels sold, if any. It is proposed that shareholders will be given the facility to elect for shares issued on the basis of the then prevailing market price. In respect of future years the current intention is to maintain the total amount paid out by way of dividend at the level of at least the amount paid out in respect of the year ending 31 March 2009. We intend to declare or recommend dividends with the announcement of the interim and final year results commencing with financial year ending 31 March 2009. Cash dividends on our Shares, if any, will be paid in HK dollars. After completion of the Global Offering, our Board of Directors expect to utilise our retained earnings to facilitate the capital growth and expansion of our Company. Our Board of Directors may decide, in its discretion, at any time, to decrease the amount of dividends, otherwise modify or repeal the current expectation on dividend or discontinue entirely the payment of dividends. In addition, Wah Kwong Holdings, being the Controlling Shareholder, may influence our dividend policy, subject to our Articles of Association.

RISK FACTORS

We believe that there are certain risks involved in our operations. These factors are set out in the section headed "Risk Factors" of this prospectus and are summarised below:

Risks relating to our business and our Company

- We may experience fluctuations in our operating results

- Our future success depends on our ability to increase our business, manage it efficiently and achieve business growth

- We depend on a limited number of charterers for a substantial portion of our revenue, and the loss of, any key customer could significantly reduce our revenue

- Default of our charterers on their contractual obligations with us may adversely affect our operation results

- We currently rely on our parent group for the provision of technical management services. Risks associated with the outsourcing of technical management services to our parent group may adversely affect the Wah Kwong Maritime Group

- We are subject to inherent operational risks that may not be adequately covered by our insurance

- We may not be able to have efficient and effective management on vessels under joint venture arrangements

- Risks associated with construction of new vessels may adversely affect our business

- We may not be able to obtain sufficient funds to finance our future growth and implement our business strategies and there are risks associated with debt finance may adversely affect our business, financial position and results of operations

- Any decline in the ability of our subsidiaries, jointly controlled entities and associated companies to make distributions to us would adversely affect our ability to pay dividends to our Shareholders

- We may be adversely affected by change of laws and, or, rulings of regional taxation

- We are exposed to interest rate risks and foreign currency risks

- Our business may be adversely affected if we are unable to secure and retain qualified personnel for our operations

- Our success depends to a certain extent on key management

- The interests of our Controlling Shareholder may differ from those of ourselves and other Shareholders

- Dividends declared in the past may not be indicative of our dividend policy in the future

Risks relating to our industry

- We operate in an industry which is highly cyclical in nature and subject to seasonal fluctuation

- We operate in a highly competitive industry, and such competition may have a material adverse effect on the Wah Kwong Maritime Group's business

- Any decline in the level of activity and growth in the global and regional economies, particularly China and India, may have a negative impact on our business

- Our operations expose us to global political risks, such as wars and political instability that may interfere with the operation of the vessels in Our Fleet causing a decrease in revenues from such vessels.

- Inherent risks associated with maritime transportation may adversely affect our business, financial position and operating profit

- We operate in a highly regulated industry and any changes in the conventions and regulations to which the vessels in Our Fleet are subject could have an adverse effect on our financial condition and business operation

- The vessels in Our Fleet could be arrested by claimants in maritime disputes

- In wartime or emergency situations, governments could requisition one or more of the vessels in Our Fleet, resulting in loss of revenues to the Wah Kwong Maritime Group

Risks relating to the Global Offering and our share performance

- There has been no prior public trading market for our Shares and there can be no assurance that an active market will develop

- The Offer Price may not be indicative of prices that will prevail in the trading market and such market prices may be volatile

- The trading volume and share price of our Shares may fluctuate

- Investors will experience dilution because the Offer Price is higher than the per Share book value of net tangible assets

- Industry and market information and statistics contained in this prospectus may not be up to date or accurate

- You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering

OUR SHARE OPTION SCHEMES

The Company has conditionally adopted the Pre-IPO Scheme. Please refer to the section headed "Pre-IPO Scheme" in Appendix VII to this prospectus for a summary of the principal terms of the Pre-IPO Scheme and other information regarding the Pre-IPO Scheme.

The Company has also conditionally adopted the Share Option Scheme. Please refer to the section headed "Share Option Scheme" in Appendix VII to this prospectus for a summary of the principal terms of the Share Option Scheme.

SUBSEQUENT EVENTS

After 31 December 2007, we ordered two newbuildings as part of our ordinary course of business. Both newbuildings are post panamax bulkcarriers, with a purchase price per vessel of US$52.80 million, plus certain currency adjustments. We will own 50% of each of these newbuildings. Please refer to the section titled "Business — Our Fleet" in this prospectus for further details.

Additionally, we have agreed on 20 May 2008 to sell one of our supramax bulk carriers, 'GOLDEN VENTURE,' to an independent third party of the Company, subject to certain conditions. The consideration for the sale will be US$75 million based on arm's length negotiation and the carrying value of the vessel as at 31 March 2008 was approximately US$27.30 million. We expect to use the proceeds from the sale towards the repayment of the outstanding bank loan on the vessel, expansion of our Fleet and for general working capital. Completion of the sale is expected to occur in September 2008 following the expiry of 'GOLDEN VENTURE's current time charter agreement.

After 31 December 2007, the Company expects to repay to Wah Kwong Holdings Group, prior to Listing, US$6.38 million in shareholder loans which would be classified as advances from ultimate holding company. These loans represent advances from Wah Kwong Holdings Group to fund stage payments for our vessel purchases. In addition, the Company expects to repay to Wah Kwong Holdings Group, prior to Listing, all of the non-trade portions of its shareholders loans, which would be classified in our financial information as amounts due to fellow subsidiaries, outstanding as of the Latest Practicable Date, totaling US$5.94 million.

Finally, as part of the Reorganisation, US$71.63 million of shareholder loans from Wah Kwong Holdings to the Company, which is classified in our financial information as advances from ultimate holding company and fellow subsidiaries, will be capitalised. Consideration of US$21.13 million for the transfer of the Vessel Companies from the Wah Kwong Holdings Group to the Group, which remains outstanding as an amount due from the Company's subsidiaries to Wah Kwong Holdings, will also be capitalised. The capitalisation of these two amounts will be settled by the Company allotting and issuing 374,999,900 new Shares credited as fully paid to Wah Kwong Holdings immediately prior to the Listing. The remaining balance of the total advances from ultimate holding company and fellow subsidiaries outstanding as of the Latest Practicable Date, totaling US$47.48 million (HK$370.37 million) will be repaid out of the proceeds from the Global Offering upon Listing. Please refer to the section headed "Further Information about the Company — Reorganisation" in Appendix VII to this prospectus for further details on the Reorganisation.

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this prospectus.

"Anglo Chinese"	Anglo Chinese Corporate Finance, Limited, a licensed corporation under the SFO permitted to engage in types 1, 4, 6 and 9 of the regulated activities (as defined in the SFO)
"Application Form(s)"	**white** application form(s), **yellow** application form(s) and **pink** application form(s), or where the context so requires, any of them
"Articles of Association" or "Articles"	the articles of association of our Company, conditionally approved and adopted on 15 May 2008 and as amended from time to time, a summary of which is set out in Appendix VI to this prospectus
"associates"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"Board of Directors" or "Board"	the board of Directors of our Company
"Business Day"	any day (other than Saturday and Sunday) on which banks in Hong Kong are open generally for normal banking business
"CAGR"	compound annual growth rate
"Cazenove" and/or "Global Coordinator"	Cazenove Asia Limited, a licensed corporation under the SFO permitted to engage in types 1, 4, 6 and 9 of the regulated activities (as defined in the SFO)
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
"CMB"	Compagnie Maritime Belge NV, a company incorporated in Belgium with limited liability, the shares of which are listed on NYSE Euronext

"Companies Law"	the Companies Law (2007 Revision) of the Cayman Islands and any amendments or other statutory modifications thereof
"Company" or "our Company"	Wah Kwong Maritime Transport Holdings Limited 華光海運控股有限公司, an exempted company incorporated in the Cayman Islands with limited liability on 4 September 2007
"Controlling Shareholder"	Wah Kwong Holdings
"Director(s)"	the director(s) of our Company
"Eligible Employees"	full-time employees of the Company or its subsidiaries as at the date of application, excluding any employees who are natural persons of the PRC, existing beneficial owners of Shares, the Directors and chief executive of the Company or any of its subsidiaries, their respective associates or any other connected persons of the Company or any persons who will become connected persons of the Company immediately upon completion of the Global Offering and grantees of options under the Pre-IPO Scheme
"Executive Director(s)"	the executive Director(s)
"Fleet" or "Our Fleet"	all those vessels which the Wah Kwong Maritime Group has an investment in and which, as at the Latest Practicable Date, comprise 11 vessels (consisting of 3 capesize bulkcarriers, 2 panamax bulkcarriers, 2 supramax bulkcarriers, 3 VLCCs and 1 panamax crude tanker) of which 3 are wholly owned by the Wah Kwong Maritime Group, 6 are held through 50:50 joint ventures and 2 are held as 16.7% minority interests
"Global Coordinator"	Cazenove
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group"	the Company and its subsidiaries
"HK$" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK" or "Hong Kong SAR"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Companies Ordinance"	the Companies Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Hong Kong Public Offering"	the offer of Public Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price, on and subject to the terms and conditions described in this prospectus and the Application Forms
"Hong Kong Share Registrar"	Tricor Investor Services Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Hong Kong Underwriters"	the several underwriters of the Hong Kong Public Offering listed in the section entitled "Underwriting — Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated 29 May 2008 relating to the Hong Kong Public Offering entered into among us, Wah Kwong Holdings, the Hong Kong Underwriters and the Joint Lead Managers
"IFRS"	International Financial Reporting Standards
"International Offering"	the conditional offer and sale of the International Offering Shares to QIBs in the United States in reliance on Rule 144A and outside the United States (including offering to professional investors in Hong Kong, other than to retail investors in Hong Kong) in reliance on Regulations S, as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Offering Shares"	the 112,500,000 new Shares being initially offered at the Offer Price under the International Offering, subject to adjustment and the Over-allotment Option as described in the section headed "Structure of the Global Offering" in this prospectus
"International Underwriters"	the several underwriters of the International Offering, led by the Global Coordinator and expected to enter into the International Underwriting Agreement to underwrite the International Offering
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering which is expected to be entered into among us, the Global Coordinator and the International Underwriters on or around 3 June 2008
"Joint Bookrunners"	Anglo Chinese and Cazenove

"Joint Lead Managers"	Anglo Chinese and Cazenove
"Joint Sponsors"	Anglo Chinese and Cazenove
"Latest Practicable Date"	22 May 2008, being the latest practicable date for ascertaining certain information in this prospectus prior to the printing of this prospectus
"Listing"	the listing of the Shares on the Hong Kong Stock Exchange
"Listing Date"	the date on which dealings in the Shares first commence on the Hong Kong Stock Exchange
"Memorandum of Association"	the memorandum of association of our Company adopted on 22 February 2008 and as amended from time to time
"Maritime Strategies International Ltd." or "MSI"	an independent and high level market forecasting and business advisory services provider for shipping and allied industries
"OECD"	the Organisation for Economic Co-operation and Development
"Offer Price"	the final Hong Kong dollar price per Offer Share (exclusive of brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee) at which the Public Offer Shares are to be subscribed pursuant to the Hong Kong Public Offering and the International Offering Shares are to be offered pursuant to the International Offering, to be determined as further described in the section headed "Structure of the Global Offering — Pricing and Allocation" in this prospectus
"Offer Shares"	the Public Offer Shares and the International Offering Shares together, where relevant, with any additional Shares to be issued and allotted pursuant to the exercise of the Over-allotment Option
"Operations and Technical Manager"	the manager of the Company whose responsibilities include the supervision of the technical management services and shipbuilding supervision

"Over-allotment Option"	the option expected to be granted by us to the Global Coordinator (on behalf of the International Underwriters) exercisable under the International Underwriting Agreement at any time from the date of the International Underwriting Agreement until 30 days after the last day for lodging of applications under the Hong Kong Public Offering pursuant to which the Company may be required by the Global Coordinator (on behalf of the International Underwriters) to issue and allot up to an aggregate of 18,750,000 additional Shares, representing in aggregate 15% of the initial Offer Shares, at the Offer Price, solely to cover any over-allocations in the International Offering and obligations of the Global Coordinator to return securities borrowed under the Stock Borrowing Agreement
"PRC" or "China"	People's Republic of China and, except where the context requires and only for the purpose of this prospectus, excluding Taiwan, Hong Kong and Macau Special Administrative Region
"Pre-IPO Scheme"	the pre-IPO share option scheme conditionally adopted by the Company on 15 May 2008, the principal terms of which are summarised in the section headed "Pre-IPO Scheme" in Appendix VII to this prospectus
"Price Determination Date"	the date, expected to be on or around 3 June 2008 or such later date as may be agreed among our Company and the Joint Lead Manager (on behalf of the Underwriters) on which the Offer Price is fixed for the purposes of the Global Offering
"Public Offer Shares"	12,500,000 new Shares (subject to adjustment) being initially offered by the Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering on and subject to the terms and conditions described in this prospectus and the Application Forms
"QIBs"	qualified institutional buyers within the meaning of Rule 144A under the US Securities Act
"Regulation S"	Regulation S under the US Securities Act
"Reorganisation"	the corporate reorganisation relating to our business which is more particularly described in the section headed "Further information about our Company — Reorganisation" in Appendix VII to this prospectus
"Reporting Accountants"	PricewaterhouseCoopers
"RMB" or "Renminbi"	the lawful currency of the PRC

"Rule 144A"	Rule 144A under the US Securities Act
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) with a par value of HK$0.10 in the share capital of the Company
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on 15 May 2008, the principal terms of which are summarised in the section headed "Share Option Scheme" in Appendix VII to this prospectus
"Shareholder(s)"	holder(s) of Share(s)
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into between the Global Coordinator and Wah Kwong Holdings, pursuant to which Wah Kwong Holdings will agree to lend up to 18,750,000 Shares on the terms set out therein
"Track Record Period"	the period comprising the financial years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2007
"Trade Mark Licence"	trade mark licence deed entered into between the Company and Wah Kwong Holdings dated 19 May 2008 in respect of the use by Wah Kwong Maritime Group of each of the trade marks referred to in the sub-section headed "Further Information about our Business — Our Trademarks/Intellectual Property Rights"
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "US"	the United States of America, including its territories and possessions
"US$" or "US dollars"	United States dollars, the lawful currency of the United States
"US Securities Act"	the US Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder

"Vessel Companies"	each of the companies which owns a vessel as described in the section of this prospectus headed "Our History and Corporate Structure" and being, Bright Time Holdings Limited, Great Era Investment Limited, Wah Kwong Satellite Technology Company Limited, Clear Mountain Shipping Limited, Elegance Carriers Inc., Ever Progress Trading Limited, Komati Shipping Limited, New Pacific Shipping Limited, Wah Kwong Dockyard Limited, Cape Asia Newbuildings Limited, Cape Asia Newbuildings (II) Limited, Bridgetower Limited, Great Hope Enterprises Limited, Chainhurst Limited, Winyield Investments Limited, Bradwell Shipping Company, Mellor Marine Limited, Wah Kwong Chartering Inc., Regal Land International Limited, Wah Kwong Shanghai Development Company Limited, Belvedere Capital Trading Ltd and Pacific Kingdom Holdings Limited
"Wah Kwong Holdings" or "Controlling Shareholder"	Wah Kwong Shipping Holdings Limited, a company incorporated in Bermuda and which is the controlling shareholder (as defined in the Hong Kong Listing Rules) of the Company
"Wah Kwong Holdings Group"	Wah Kwong Holdings and its subsidiaries, jointly controlled entities and associated companies, which includes the Wah Kwong Maritime Group following the Reorganisation
"Wah Kwong Maritime Group"	the Company and its subsidiaries, jointly controlled entities and associated companies
"WKS Management"	Venture Shipping (Managers) Limited (a wholly owned subsidiary of Wah Kwong Holdings), which provides shipbuilding supervisory services or, as the case may be, Wah Kwong Ship Management (Hong Kong) Limited (a wholly owned subsidiary of Wah Kwong Holdings and an ISM accredited company), which through delegation arrangements entered into from time to time between Venture Shipping (Managers) Limited as delegator and Wah Kwong Ship Management (Hong Kong) Limited as delegatee, provides technical management services
"we" or "us"	our Company or the Wah Kwong Maritime Group (as the context requires)
"WTO"	World Trade Organisation

This glossary of technical terms contains terms used in this prospectus in connection with the Company and its business. These terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

"Baltic Dry Index"	an index covering dry bulk shipping rates and that is managed by the Baltic Exchange in London
"bareboat charter"	a contract where the shipowner provides a charterer with a vessel for a specified period and the charterer provides all crew, consumables, insurance, etc. and is responsible for all operating costs and maintenance
"bunkers"	fuel, consisting of fuel oil and diesel, burned in the vessel's engines
"bulkcarrier" or "bulker"	a merchant ship used to transport unpackaged bulk cargoes
"capesize"	bulkcarrier with a capacity of 100,000 dwt or more which due to its size must transit, when loaded, the Atlantic to the Pacific basin via Cape Horn or the Cape of Good Hope and is typically used for long voyages in the coal and iron ore trades
"charter" or "charterparty"	a contract for the commercial leasing of a vessel or freight space on a vessel
"charterer"	a person, firm or company hiring a vessel for the carriage of goods or other purposes
"charterhire"	earnings derived from time charter arrangements
"Classification Society"	an independent organisation which ensures that ships are built and maintained to a specific set of standards and rules laid down by the society. A ship cannot trade or be granted insurance cover unless it is classified by a classification society
"Document of Compliance"	certificate issued to a shipmanagement company upon satisfactory completion of the ISM audit
"draft"	vertical distance between the waterline and the bottom of the vessel's keel
"drydock"	the removal of a vessel from the water for inspection, maintenance and, or, repair of submerged parts
"dwt"	dead weight tonnes, the unit of measurement of carrying capacity of vessels, being the total amount of cargo, bunkers, water, stores, spares and crew that the ship can carry

"Flag Administrations"	the place of registration of a vessel and the authorities who promulgate the rules of the flag under which a vessel sails
"free revenue days"	days when ship is not currently fixed for employment
"handymax"	bulkcarrier of 38,000 to 49,999 dwt which carries a wide variety of cargoes including major and minor bulk cargoes
"handysize"	bulkcarrier of 20,000 to 37,999 dwt which carries principally minor bulk cargoes and limited quantities of major bulk cargoes
"IACS"	International Association of Classification Societies
"IMO"	International Maritime Organisation
"ISM Code" or "ISM"	the International Management Code for the Safe Operation of Ships and for Pollution Prevention adopted by the IMO
"ISPS Code"	International Ship and Port Facility Security Code
"LPG"	liquefied petroleum gas
"major bulk"	dry bulk cargoes consisting of iron ore, coal and grain
"MARPOL Convention"	International Convention for the Prevention of Pollution from Ships
"minor bulk"	dry bulk cargoes such as forest products, iron and steel products, fertilisers, agricultural products, minerals and petcoke, bauxite and alumina, cement, other construction materials and salt
"newbuilding"	a vessel under construction or on order
"off-hire"	period during which a vessel is temporarily unable to operate under the terms of its charter, resulting in loss of income under the charter
"operating costs"	the costs of technical operations of vessels including the costs of lubricants, spare parts, repairs and maintenance, crewing costs and insurance costs (but excluding capital costs, drydocking costs and voyage costs)

"P&I"	protection and indemnity, a form of insurance which takes the form of a mutual association of shipowners to provide liability indemnification against various liabilities to which they are exposed and which spreads the liability costs of each member by requiring contributions by all members in the event of a loss
"panamax"	bulkcarrier of 60,000 to 79,999 dwt suitable for carrying dry bulk cargo with a beam of maximum 32.2 metres which can transit the Panama Canal, and carries cargoes such as grain, coal and iron ore
"panamax crude tanker"	tanker of 60,000 to 79,999 dwt with a beam of maximum 32.2 metres which can transit the Panama Canal, and carries crude oil
"post-panamax"	bulkcarrier of 80,000 to 99,000 dwt with a beam in excess of 32.2 meters primarily used in the carriages major bulk cargoes
"product tanker"	tanker used to transport refined petroleum products, which is differentiated from crude oil tankers in that their cargo tanks are coated, usually with epoxy paint
"Safety Management Certificate"	a certificate issued to a vessel upon successful completion of the vessel's ISM audit
"spot market"	the market for immediate chartering of a vessel, usually for a single cargo or short-term trading
"SOLAS Convention"	International Convention for the Safety of Life at Sea
"STCW Convention"	International Convention on Standards of Training, Certification and Watchkeeping for Seafarers
"supramax"	bulkcarrier of 50,000 to 59,999 dwt which carries a wide variety of cargoes including major and minor bulk cargoes
"technical management"	management of those aspects of ship owning and operation that relate to the physical operation of a vessel, including the provision of crew, routine maintenance, repairs, drydocking, supplies of stores and spares, compliance with all applicable international regulations, safety and quality management, environmental protection, newbuilding plan approval and newbuilding supervision, and related technical and disbursement reporting. It does not include the commercial operation and chartering of the vessel

"time charter"	charter for an agreed period of time where the ship owner is paid on a per day basis and is responsible for operating the vessel and paying the operating cost while the charterer is responsible for paying the voyage costs and bears the risk of any delays at port or during the voyage except where caused by a defect of the ship
"vessel operating expenses"	these consist of crew expenses, insurances, spare parts, stores and lubricating oils, vessel repairs and surveys (including dry dock cost) and other costs
"VLCC"	very large crude carrier, a vessel which is in excess of 200,000 dwt used to transport crude oil
"voyage costs"	bunker costs, port charges and canal dues (or tolls) incurred during the course of a voyage
"voyage charter"	a charter for a single voyage where the hire paid is expressed in dollars per ton of cargo carried. Under a voyage charter, the shipowner is responsible for all voyage costs including bunkers and port charges

You should carefully consider all of the information in this prospectus and, in particular, the risks and uncertainties described below before making an investment in the Offer Shares.

RISKS RELATING TO OUR BUSINESS AND OUR COMPANY

We may experience fluctuations in our operating results

One of our primary income streams is derived from charterhire revenue paid to the Wah Kwong Maritime Group by the charterers of the Wah Kwong Maritime Group's vessels. Whilst time charter income provides the Wah Kwong Maritime Group with a steady source of income during the agreed period of the time charter, there can be no assurance that, upon expiry of the existing time charter agreements, the Wah Kwong Maritime Group will be able to renew the time charter or arrange new time charters with suitable customers. Nor can there be any assurance that the then prevailing time charter rate will be at, or more favourable than, the existing rates under current time charter agreements. The prevailing charter rates in a given time period may fluctuate significantly due to factors beyond our control and could materially affect our operating results. A decrease in charter rates could materially and adversely affect the earnings of the vessels in Our Fleet. Furthermore, our operating expenses may be affected by potential risks such as changes in technical management fees, unexpected labour strikes, severe weather conditions, lengthy quarantines, mechanical failures or human error, arrest action against the vessels in Our Fleet due to failure to pay debts, unexpected dry dock repairs and other events beyond our control. As a result, our results of operation could be adversely affected.

As part of our strategy to maintain a young fleet, we may acquire and dispose of vessels from time to time, which can be influenced by various factors, such as the available market price, future earnings prospects for the vessel, future maintenance costs, particularly any impending scheduled drydocking, and whether selling the vessel (as opposed to retaining it for continued trade) is in the best interests of the current and future financial position of the Wah Kwong Maritime Group. Another factor that we consider in the analysis of whether to dispose of a vessel is the timing of the sale and its effect on our ability to maintain a fleet size that meets the needs of our customers. The disposal of vessels could result in a gain or loss which may be in an amount which is substantial such that our operating results may be materially affected. Our operating results may also fluctuate depending on the effective operating days of vessels under charters and the number of vessels we may dispose of during the financial year. Sale and purchase of vessels could affect the size of Our Fleet and have an impact on our source of sustainable time charter income in the future. If we are unable to order or acquire newbuildings or otherwise find suitable replacements for the disposed vessels due to various risks associated with the construction of new vessels, or the acquisition of second-hand vessels, our financial position and results of operation could be materially and adversely affected.

Our future success depends on our ability to increase our business, manage it efficiently and achieve business growth

Our growth strategies focus on maintaining a modern fleet of vessels, targeting PRC and Asia opportunities whilst trading globally and keeping the average age of Our Fleet as young as possible by acquisition supported by appropriate financing and time charter. We also take measures to increase

our business by enhancing our service to existing customers and broadening our customer base. We can not assure you that our strategies and measures will be successfully executed and will have the expected results. Our future growth will also depend on a number of factors, some of which are within our control and some of which are beyond our ability to control. These factors include but are not limited to, our ability to maintain, expand or develop our customer relationships; our success in identifying the proper time to acquire or place orders for newbuildings; our success in identifying suitable acquisition targets, joint ventures or alliances; our success in hiring, training and retaining qualified personnel to manage and operate our growing business and fleet and our ability to identifying additional new markets. Effective management of our growth also entails managing our costs and implementing adequate controls and accounting and reporting systems efficiently. The failure to manage any of these factors effectively and efficiently could adversely affect our business, financial position and results of operations.

We depend on a limited number of charterers for a substantial portion of our revenue, and the loss of any key customer could significantly reduce our revenue

Our success relies on maintaining long term and good relationships with high quality charterers. We depend on a limited number of key charterers who have time charters with us. Our five largest customers accounted for 95% of our total charter income during the nine months ended 31 December 2007, and 91%, 100% and 98% for each of the three financial years ended 31 March 2005, 2006 and 2007, respectively. We could lose a customer or the benefit of a charter if, amongst other things, the customer fails to make charter payments because of its financial inability, has disagreements with us or otherwise exercises certain rights to terminate the charter. We could also lose a customer or the benefit of a charter because we fail to deliver the vessels within a fixed period of time, the vessel is lost or damaged beyond repair, or we default under the charter. A prolonged force majeure event affecting the customer, including damages to or destruction of relevant production facilities, war or political unrest that prevents us from performing services for that customer may also cause us to lose a customer or the benefit of a charter. Our operating results will continue to depend on our ability to secure contracts with these charterers and to finding suitable replacements if necessary. In the event of a loss of any of our key charterers, or a significant reduction in charter income from any one of them, our revenue and operating results may be materially and adversely affected if we are unable to find a suitable replacement promptly and at comparable rates. In the future, upon expiry of the existing time charter agreements, these customers may decide not to extend the time charter with us, which could reduce our revenue if vessels are left idle without charter.

Default of our charterers on their contractual obligations with us may adversely affect our operation results

The vessels in Our Fleet are all employed on time charter arrangements. Whilst during the Track Record Period, there has been no default by any of our existing charterers in respect of their contractual obligations with us, there can be no assurance that our existing charterers will not default on their contractual obligations with us in the future. Any such default would have a material adverse impact on our operational results given the key role that time chartering plays in our business strategy. Consequential costs arising from a defaulting customer include non-payment of freight and hire by the customer and the costs to complete the transportation of cargo that has already been loaded on board a vessel in Our Fleet at the time the default is discovered, including port expenses, stevedoring costs

and crew costs which we may have to bear. There can also be no assurance that these expenses or costs resulting from the default of our customers could be compensated by insurance. In addition, our customers may fail to return the vessels in Our Fleet on time as agreed in the time charter, and as a result, we may incur extra costs or penalties by our default on a subsequent charter with other customers. In any event, our business, financial position and operating profit may be materially and adversely affected.

We currently rely on our parent group for the provision of technical management services. Risks associated with the outsourcing of technical management services to our parent group may adversely affect the Wah Kwong Maritime Group

We outsource the technical management of the daily operation of our vessels, including crew management, repair and maintenance of the vessels, and also compliance with all relevant industry regulations and international safety and environmental protection regulations to a subsidiary of Wah Kwong Holdings Group under arm's length terms, details of which are set out under the subsection headed "Connected Transactions" in the section titled "Relationship with Wah Kwong Holdings" in this prospectus. There can be no assurance that the technical manager will continue to meet our standards and requirements or refrain from acting in a negligent manner. If the technical manager fails to meet our standard of service or acts in a negligent manner, we may incur additional costs, including as a result of the inefficient operation, operational disruption due to mechanical failure or human error, labour disputes, or strikes, claims and damages from various maritime claimants, penalties for non-compliance of international safety and environmental protection regulations, withdrawal of certain safety certificates which renders the vessel unable to trade, and other possible consequences due to failure or negligence in technical management. There can be no further assurance that we can engage a new technical manager on the same terms, or terms no less favourable, as that provided by the Wah Kwong Holdings Group.

In addition, in the tanker industry, both a ship and its technical manager must be approved, inspected and vetted by an oil company before the vessel can be fixed on a charter to such oil company or otherwise transport the oil produced by such oil company. This vetting procedure is over and above classification, flag state and other regulatory requirements with which the vessel must comply. While our tankers are currently not directly chartered to oil companies, our charterers sub-charter our tankers to major oil companies regularly and hence it is crucial that they remain fully approved by oil companies. In the event of a change in the vessel's technical manager, all approvals are withdrawn and the vessel must be re-inspected, which would have a significant impact on the trading opportunities available for the vessel. Therefore, if we are required to change our technical manager, our charters and correspondingly, our results of operations may be materially and adversely affected.

We are subject to inherent operational risks that may not be adequately covered by our insurance

The operation of ocean-going vessels in international trade is inherently risky. We have arranged for insurance coverage for Our Fleet against certain risks commonly insured against by vessel owners and operators, including hull and machinery insurance, war risks insurance and protection and

indemnity insurance (which include environmental damage and pollution insurance). For the years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2007, the insurance premiums incurred by the Wah Kwong Maritime Group amounted to US$1.21 million, US$1.14 million, US$1.28 million, and US$1.23 million, respectively. However, there can be no assurance that all risks are adequately insured against, or any particular claim can be paid. We currently maintain off-hire insurance, which would cover the loss of revenue during extended vessel off-hire periods, such as those that occur during an unscheduled drydocking due to damage to a vessel from an accident. This insurance is limited to coverage from day 15 to day 90 of the off-hire period. After that any extended vessel off-hire over our insurance coverage, due to an accident or otherwise, could have a material adverse effect on our business. Any claims covered by insurance would be subject to deductibles, and since it is possible that a large number of claims may be brought, the aggregate amount of these deductibles could be material. In the event that claims are asserted against us, the vessels in Our Fleet could be subject to arrest or other judicial process.

We may be unable to procure adequate insurance coverage at commercially reasonable rates in the future. For example, more stringent environmental regulations may result in increased costs for or the lack of availability of, insurance against risks of environmental damage or pollution. A catastrophic oil spill or marine disaster could exceed our insurance coverage, which could harm our business, financial condition and operating results. Changes in the insurance markets attributable to terrorist attacks may also make certain types of insurance more difficult for us to obtain. In addition, the insurance that may be available to us may be significantly more expensive than our existing coverage.

Even if our insurance coverage is adequate to cover our losses, we may not be able to timely obtain a replacement vessel in the event of a loss. We may also be subject to calls, or premiums, in amounts based not only on our own claim records but also the claim records of all other members of the protection and indemnity associations through which we obtain our insurance coverage for tort liability, including pollution-related liability. Our payment of these calls could result in significant expenses to us, which could have a material adverse effect on our business, results of operations and financial condition.

We may not be able to have efficient and effective management on vessels under joint venture arrangements

Ownership, investment and operation of vessels through joint venture arrangements are very common in the shipping industry, in part due to the substantial cost and risk relating to new construction and, or, purchase of a vessel. For the three years ended 31 March 2005, 2006 and 2007, we generated approximately 22.8%, 78.2% and 65.7% revenue and income from the jointly held vessels of the Wah Kwong Maritime Group, respectively. These jointly owned vessels are all held by 50:50 joint venture companies and the Group does not have full control over these companies. While there are various advantages arising from joint venture arrangements, there could be potential risks which could adversely affect the Group's business. The Group may not be able to manage these joint ventures efficiently and effectively. An inefficient management structure with the joint venture partner could lead to delays in decision making on issues such as important strategic moves of the joint venture. Furthermore, joint ventures are formed because of the mutual interest of two contracting parties in sharing and spreading the risk associated with large, complex or long-term contracts, but

there could be adverse consequences if all does not go as planned or agreed or if any disputes arise with our joint venture partners. The potential risks associated with the joint venture arrangement include, amongst other things, financial risks relating to profit sharing, reserve distribution, guarantees on the borrowings, resources contribution and other operational risks such as inefficient decision-making, disapproval by the joint venture partner, whose consent, under some circumstances is required. If the Group is unable to manage its joint ventures efficiently and effectively, the future growth and success of the Group could be materially and adversely affected.

Risks associated with construction of new vessels may adversely affect our business

Our business strategies are based in part upon the expansion and development of Our Fleet of dry bulkcarriers and crude and product tankers through the acquisition and construction of new vessels. Currently, the Wah Kwong Maritime Group had ordered 11 newbuildings consisting of two capesize bulkcarriers, two post-panamax bulkcarriers and seven supramax bulkcarriers, all scheduled to be delivered between 2009 and 2011. Seven of these newbuildings are being built at one shipyard in Chengxi, PRC. There can be no assurance that the newbuildings can be available or that the available newbuildings will meet our requirements regarding delivery time and specifications. The completion and delivery of newbuildings could be delayed, cancelled or otherwise not completed because of, amongst other things, quality or engineering problems, changes in governmental regulations or maritime self-regulatory organisation standards, work stoppages or other labor disturbances at the shipyard, bankruptcy or other financial crises of the shipbuilder, or its sub-contractors, a backlog of orders at the shipyard, political or economic disturbances, requests for changes to the original vessel specifications, shortages of or delays in the receipt of necessary construction materials, such as steel, inability to finance the construction of the vessels, inability to obtain requisite permits or approvals or inability to enforce the new building contract. In addition, with our concentration of newbuildings in one shipyard, there can be no assurance that issues specific to that shipyard and shipbuilder would not arise to significantly delay or limit its ability to deliver our newbuildings on schedule. In the event of us ordering a new vessel, any event which may be beyond our control which delays the delivery of a new vessel ordered or leads to the vessel not to be delivered at all could have a material adverse impact on our business, financial position and operating results. In addition, we may enter into time charters with customers that are related to a newbuilding. If our delivery of the newbuilding to our customers is delayed, the customer may terminate the charter and, in addition to the resulting loss of revenues, we may be responsible for additional and substantial damages.

All of the newbuilding contracts which the Wah Kwong Maritime Group enters into include refund guarantees secured by the bank of the shipyard. The form of the refund guarantee must be in a form acceptable to the Wah Kwong Maritime Group's bank, or lending institution, and the securing bank is required to be a leading bank of the shipyard. Refund guarantees provide that in the event that the shipbuilder is not able to meet its contractual obligations and the contract is cancelled, all instalments paid under the contract will be returned to the Wah Kwong Maritime Group. There can be no assurance that the refund guarantee, provided pursuant to the shipbuilding contracts to reimburse the Group for instalments pre-paid and which would be called on in the event of the ship builder failing to deliver the vessels, would be effective and the Wah Kwong Maritime Group would receive such reimbursement. There can also be no assurance that this refund guarantee will provide us with compensation for the other costs we incurred or may incur in anticipation of taking delivery of such vessel.

Payment arrangements for newbuildings are required to be paid in the form of instalments at key dates during the construction period of a vessel as agreed in the newbuilding contract. If we fail to settle the progress payments under any of the new building contracts, we may forfeit all or a portion of the down payments and progress payments made with respect to such contracts.

We may not be able to obtain sufficient funds to finance our future growth and implement our business strategies and there are risks associated with debt finance which may adversely affect our business, financial position and results of operations

Our business is capital intensive. We finance a significant portion of the acquisition price for newbuildings by debt financing, which may also include financing of pre-delivery progress payments under the construction contract. We will require a significant amount of capital to fund our future growth and implement our business strategies, which calls for additional acquisitions and thereby increases our funding requirements. To the extent our funding requirements exceed our financial resources, we will be required to seek additional debt or equity financing or defer planned expenditures. However, there can be no assurance that we will be able to raise additional capital on terms acceptable to us. Whether we will be able to obtain financing for our planned capital expenditure and future working capital needs depends on a number of factors, some of which may be beyond our control, including the condition of the financial markets, changes in monetary policies, changes in interest rates and changes in the outlook for the shipping industry. In the ordinary course of our business we provide standard undertakings to our lenders which prohibit or limit our ability, among other things, to incur additional debt, sell or lease present or future undertakings, engage in certain business, or pay dividends. Also, if vessel values drop below a specified percentage of the relevant outstanding loan, our lenders could require us to prepay a certain portion of our outstanding loans or to provide additional security. We can not assure you that the Wah Kwong Maritime Group will not default on repayment of debt, breach its financial or other covenants, or commit any other default which may entitle lenders to call for repayment of the debt immediately. In addition, the covenants in our existing financing agreements might also significantly impair our ability to obtain other financing. Any adverse change in our cash flows from operating activities may weaken our financial condition and adversely affect our ability to meet our future capital needs.

Any decline in the ability of our subsidiaries, jointly controlled entities and associated companies to make distributions to us would adversely affect our ability to pay dividends to our Shareholders

We conduct substantially all our business through our operating subsidiaries, jointly controlled entities and associated companies. The ability of these subsidiaries, jointly controlled entities and associated companies to make distributions to us is subject to applicable legal and other restrictions, including the amount of their distributable earnings, their cash flow conditions, restrictions contained in their financing agreements or articles of association, applicable companies laws and other regulations of jurisdictions in which they operate and any relevant joint venture or shareholders' arrangements. These restrictions could reduce the amount of distributions that we would receive from our subsidiaries, jointly controlled entities and associated companies, which in turn would adversely affect our ability to pay dividends to our Shareholders.

We may be adversely affected by change of laws and, or, rulings of regional taxation

Wah Kwong Maritime Group derives recurring charterhire revenue and may derive gain from disposal of vessels from time to time. Currently, Hong Kong does not charge tax on offshore income and income which is capital in nature. We cannot assure you that the Hong Kong Inland Revenue Department (the "IRD") would agree that our revenues are either offshore income or income which is capital in nature. Hong Kong may change its tax regime in the future or apply more stringently the existing taxation laws with the result that our Wah Kwong Maritime Group could be charged Hong Kong profit tax on incomes which were not previously taxable. Furthermore, we can not assure you that, in the future, the IRD would not challenge the Wah Kwong Maritime Group's income retrospectively and as a result a significant tax liability could be levied on the Wah Kwong Maritime Group which could adversely affect the Wah Kwong Maritime Group's financial position, cash flow and operating results.

We are exposed to interest rate risks and foreign currency risks

Wah Kwong Maritime Group has a significant portion of debt finance on a floating rate basis, and we have not hedged any of our interest rate exposure. As a result, the Wah Kwong Maritime Group is exposed to interest rate risks. During the Track Record Period, the effective interest rates of our borrowings are 2.67%, 3.89%, 5.73% and 6.22% as at 31 March 2005, 2006, 2007 and 31 December 2007, respectively. Any increase in interest rate may have a material adverse effect on the Wah Kwong Maritime Group's finance costs which may in turn reduce the profitability of the Wah Kwong Maritime Group.

All our borrowings are in US dollars and we generate revenues denominated in US dollars which is also our financial reporting currency. However, any appreciation in the value of the US dollar against other major currencies may affect international trade and, correspondingly, the demand for bulkcarriers and tankers by charterers and shippers of dry bulk cargo and oil. In addition, ten of our current contracts for newbuildings, which are denominated in US dollar, contain a clause for currency exchange rate indemnification whereby we are required to pay an additional, but limited, amount should the Renminbi strengthen beyond a certain limit. Accordingly, movements in currency exchange rates may adversely affect our operating results.

Our business may be adversely affected if we are unable to secure and retain qualified personnel for our operations

Our operations depend upon our ability to attract and retain experienced and qualified personnel, including executive officers, key technical personnel and ship crews, who have the necessary and required experience, knowledge and expertise. Competition for qualified personnel is intense in our industry. We may lose these persons to those competitors who are able to offer more competitive packages, or we may have to significantly increase our related staff costs. To the extent we are unable to recruit personnel with the necessary skills, the attention of our management could be diverted. If we cannot recruit and retain the employees necessary to perform necessary corporate activities or operate the vessels in Our Fleet, our business operation may be materially and adversely affected.

Our success depends to a certain extent on key management

Our past success is attributable to the vision, experience, expertise and managerial and technical skills of our core management team. Our Directors, senior management members and key personnel possess substantial experience in business management and operations and in-depth industry knowledge and understanding and have made significant contributions to the development of the Group. The key management or personnel who are crucial to our operations are Mr. George Chao, Mr. Tim Huxley, Ms. Sabrina Chao and Mr. David Kam. Please refer to the section headed "Directors, Senior Management and Employees" in this prospectus for the particulars of such key management or personnel. Our daily operation depends to a certain extent upon the performance of our senior management staff and key personnel. In the event that we lose the services of any of our senior management staff and key personnel and fail to attract and retain suitable and competent replacements, our operations and performance could be materially and adversely affected.

The interests of our Controlling Shareholder may differ from those of ourselves and other Shareholders

Wah Kwong Holdings is our largest and Controlling Shareholder. Upon completion of the Global Offering, Wah Kwong Holdings will hold approximately 75% of our total issued share capital assuming no exercise of the Over-allotment Option (or approximately 71.3% if the Over-allotment Option is exercised in full). As a result, subject to our Articles of Association and applicable laws and regulations, Wah Kwong Holdings will effectively be able to control the composition of the Board, and through the Board, exercise a significant influence over our management and corporate decisions. Such holdings will also allow Wah Kwong Holdings to determine the timing and amount of our dividend payments and other major transactions. Wah Kwong Holdings may also be able to prevent us from taking actions or exercising our rights under agreements to which we are a party, including the agreements we entered into with other members of the Wah Kwong Holdings Group in connection with the Reorganisation. Wah Kwong Holdings could prevent or delay transactions that might be desirable to our other Shareholders, such as takeovers or changes in our control or management. Any such activity undertaken by Wah Kwong Holdings could have an adverse impact on our business or the interests of our other Shareholders.

Dividends declared in the past may not be indicative of our dividend policy in the future

For each of the three years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2007, the Group declared and paid dividends of US$17.78 million, US$1.73 million, US$8.30 million and US$34.03 million, respectively, to their then respective shareholders. In addition, the Group had deemed distributions of US$32.21 million, nil, US$4.50 million and nil for the years ended 31 March 2005, 2006 and 2007 and for the nine months ended 31 December 2007, respectively. Our deemed distributions represent the deemed distribution of the net assets of certain subsidiaries and jointly-controlled entities of the Wah Kwong Holdings Group that were involved in our business, but had disposed of their related vessels during the Track Record Period and are not included in the Group after the Reorganisation, to their respective equity holders at the time. You should note that historical dividend distributions are not indicative of our future dividend distribution policy.

RISKS RELATING TO OUR INDUSTRY

We operate in an industry which is highly cyclical in nature and subject to seasonal fluctuation

The Wah Kwong Maritime Group's principal businesses are investment and chartering of vessels in the dry bulkcarrier and tanker sectors in the shipping industry. The shipping industry is highly cyclical, mainly due to changes in the supply and demand for shipping capacity and demand for seaborne commodities. The supply and demand for shipping capacity is influenced by, among other things, macroeconomic conditions, global and regional political environments, developments in international and regional trade, currency exchange rates, changes in seaborne commodities and crude oil transportation, scrapping rates of vessels, the age and condition of the existing global fleet, development of new ship technologies and shipyard capacity. Demand for seaborne commodities, such as dry bulk cargoes and crude oil and products, may fluctuate and is affected by, amongst other things, the general economic environment, political conditions, commodity prices, developments in the global and regional trade, changes in production level of the key producers of the raw materials and other industries, changes in seaborne and other transportation patterns, such as port congestion and canal closures, weather conditions, and competition from alternative sources of supply for those commodities. A decline in the global and regional economies, decreases in demand for seaborne transportation and, or, over supply of shipping capacity may lead to decreases in time charter rates and also lower vessel values which could reduce our revenues and profitability materially.

The shipping industry is also subject to seasonal fluctuation. Seasonality factors such as winter in the Northern Hemisphere, major holidays and other peak periods in different markets may affect the demand in seaborne commodities such as coal, grain and crude oil, which consequentially affect the demand for marine transportation services. As a result, our operating results may be affected.

Factors affecting cyclicality and seasonality in the shipping industry are beyond our control and are unpredictable in terms of the nature, timing and degree of change.

We operate in a highly competitive industry, and such competition may have a material adverse effect on the Wah Kwong Maritime Group's business

The shipping industry is intensely competitive with a fragmented structure of many market players and ship owners. Our business mainly focuses on two sectors in the shipping industry, namely dry bulkcarriers and tankers, and enjoy stable incomes from time chartering out of our vessels and depending on various considerations we derive profit on the disposal of vessels. It is likely that we will face substantial competition for mid to long term time charter business from a number of both new and experienced companies. Many of these competitors may have significantly greater financial resources than we have. It is also possible that we will face an increased number of competitors entering our market sectors. Many of these competitors may have strong reputations and extensive resources and experience. Increased competition may cause greater price competition, especially for mid-term to long-term time charters, and also greater competition for customers and key personnel.

Expansion of our competitors may enable them to devote more resources to newbuildings, and the development, promotion and employment of their vessels than we are able to. If we are unable to respond promptly and manage effectively to the competitive conditions, our business, financial position and operating results could be materially and adversely affected.

Any decline in the level of activity and growth in the global and regional economies, particularly China and India, may have a negative impact on our business

Our business is affected by the general level of activity and growth in the global and regional economies. In recent years, the growth in the global and Asia-Pacific economies has prompted a rise in demand for raw materials and finished products, particularly from China and India. China, Japan, India and other Asia-Pacific economies are considered the main driving forces behind the increase in seaborne trade and vessel values. However, there is no assurance that the global and Asia-Pacific economies will continue to grow. Any downturn in economic activities, especially in China and India, may reduce the volume of international trade, including import and export volumes to and from countries in the Asia-Pacific region. Our financial condition and results of operations could be materially and adversely affected by a downturn in the shipping industry due to a downturn in global trade.

Our operations expose us to global political risks, such as wars and political instability that may interfere with the operation of the vessels in Our Fleet causing a decrease in revenues from such vessels

The vessels in Our Fleet are chartered out to charterers who take full control of the operation of the vessels within certain contractual limits, including deciding the loading and discharge port and the sailing routes, as long as such ports and routes do not exceed the trading limitations set out in the charterparty agreement. Although there are no fixed routes for the vessels in Our Fleet, most of the vessels in Our Fleet are used for transportation of dry bulk cargo and crude oil and oil products worldwide along major global trade routes. Changing economic, political and governmental conditions in the countries where the vessels in Our Fleet may trade or where the vessels in Our Fleet are registered will affect us. In the past, political conflicts, particularly in the Persian Gulf, resulted in attacks on vessels, mining of waterways and other efforts to disrupt shipping in the area. Acts of terrorism and piracy have also affected vessels trading in regions such as the South China Sea. Following the terrorist attack in New York City on 11 September 2001, and the military response of the United States, the likelihood of future acts of terrorism may increase, and the vessels in Our Fleet may face higher risks of being attacked in the Middle East region and an interruption of operations may cause a decrease in revenues. In addition, future hostilities or other political instability in regions where the vessels in Our Fleet trade could affect our trade patterns and adversely affect our operations by causing delays in shipping on certain routes or making shipping impossible on such routes, thereby causing a decrease in revenues.

Inherent risks associated with maritime transportation may adversely affect our business, financial position and operating profit

Our business and results are subject to inherent risks such as acts of God, wars, acts of terrorism and other events which are beyond our control which may materially affect regional economies,

infrastructures and livelihoods and in turn adversely affect our business, financial position and operating profit. Furthermore, inherent risks associated with operating vessels such as sinking, collision, explosion, environmental pollution, and business interruption by mechanical failure, human error, labour dispute, boycott, or other circumstances or events, could adversely affect our business, financial position and operating profit. The vessels in Our Fleet could be involved in accidents or collisions leading to explosion, fire or leakage of crude oil and bunkers, resulting in damage to the environment, the vessels and possible personal injury. The consequences to which the Wah Kwong Maritime Group, in addition to incurring cost for loss of vessel(s), could be liable for material amounts of litigation costs, claims for damages or even penalties by various claimants and regulators and also other expenses relating to clean-up of the environment, which may not be covered by the Wah Kwong Maritime Group's insurance policies.

We operate in a highly regulated industry and any changes in the conventions and regulations to which the vessels in Our Fleet are subject could have an adverse effect on our financial condition and business operation

The ship owning and operating industry is highly regulated and the vessels in Our Fleet operate within the rules, international conventions and regulations adopted by IMO and other regulatory bodies, details of which are covered in the section "Regulatory Overview" in this prospectus. The vessels in Our Fleet, like those of other ship owners and operators, must meet and maintain these conventions and regulations. These regulations relate to ship operations, the environment and the health and safety of ship crews. We believe that the vessels in Our Fleet and operations are in compliance with the applicable requirements of IMO. Notwithstanding our efforts to comply with applicable conventions and regulations, there is no assurance that we will at all times be in full compliance with all of the requirements that apply to our operations. Any failure, or any claim that we have failed, to comply with applicable conventions and regulations could cause one or more of the vessels in Our Fleet to be unavailable for charter, which would prevent us from earning charterhire income for the duration of such unavailability and affect our public image and reputation with our customers, either of which could harm our business. Furthermore, conventions and regulations may become more stringent in the future, especially those related to environmental pollution matters. Any change in the regulatory framework to which we are subject could result in increased operating costs and capital expenditures and liabilities to the Wah Kwong Maritime Group. Any failure to comply with these new or revised conventions or regulations could subject us to substantial fines or require us to suspend or modify our operations. In any such case, our financial position may be materially and adversely affected.

The vessels in Our Fleet could be arrested by claimants in maritime disputes

Crew members, suppliers of goods and services to a vessel, shippers of cargo, and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages against such vessel. In many jurisdictions, a maritime lien holder may enforce its lien by arresting a vessel through foreclosure proceedings. The arrest or attachment of one or more of the vessels in Our Fleet could interrupt our cash flow and demand a substantial sum of money to have the arrest lifted. As a result, our business and results of operation could be adversely affected.

In wartime or emergency situations, governments could requisition one or more of the vessels in Our Fleet, resulting in loss of revenues to the Wah Kwong Maritime Group

The government of the flag under which our ships are registered could requisition or purchase any vessel in Our Fleet or vessel under construction during wartime or other emergency situations. It could also charter the use of one or more of the vessels in Our Fleet during wartime or other emergency situations. Requisition for title or for hire takes place when a government takes control or effectively becomes the charterer at dictated charter rates. We may not receive compensation or damages from the government. Nor may we claim for insurance coverage against any costs incurred or loss of revenue during the requisition period. The situations of government requisition of the vessels in Our Fleet are beyond our control, and our business, financial position and results of operation could be adversely affected.

RISKS RELATING TO THE GLOBAL OFFERING AND OUR SHARE PERFORMANCE

There has been no prior public trading market for our Shares and there can be no assurance that an active market will develop

Prior to the Global Offering, there has not been a public trading market for our Shares. An active public trading market may not develop or be sustained after the Global Offering. We have applied to list and deal in our Shares on the Hong Kong Stock Exchange. However, even if approved, being listed on the Hong Kong Stock Exchange does not guarantee that an active trading market for our Shares will develop. If an active market for our Shares does not develop after the Global Offering, the market price and liquidity of our Shares may be adversely affected.

The Offer Price may not be indicative of prices that will prevail in the trading market and such market prices may be volatile

The Offer Price is expected to be fixed by agreement among us and the Joint Lead Managers (on behalf of the Underwriters) on the Price Determination Date, and may differ significantly from the market price for the Shares following the Listing. The financial markets in Hong Kong and other countries have experienced significant price and volume fluctuations. Volatility in the price of our Shares may be caused by factors outside our control and may be unrelated or disproportionate to our operating results. There can therefore be no assurance as to the ability of Shareholders to sell their Shares or the prices at which Shareholders would be able to sell their Shares. Consequently, Shareholders may not be able to sell their Shares at prices equal to or greater than the price paid for their Shares in the Global Offering.

The trading volume and share price of our Shares may fluctuate

The trading volume and share price of our Shares may be highly volatile. Factors such as, amongst other things, fluctuations in our revenue, operating profits and cash flow, significant changes in the Wah Kwong Maritime Group's operations, announcement of new acquisitions or disposals of vessels, industrial or environmental accidents suffered by us, loss of key personnel, changes in rating

by financial analysts and credit rating agencies, litigation, or fluctuations in the charterhire rate in the market or other general economic and other factors could result in substantial or sudden effect on the volume and price of our Shares. Consequentially, our Shares may be materially and adversely affected by these fluctuations.

Investors will experience dilution because the Offer Price is higher than the per Share book value of net tangible assets

Because the Offer Price of our Shares is higher than the net tangible book value per Share prior to the Global Offering, purchasers of our Shares in the Global Offering will experience an immediate dilution in pro forma combined net tangible book value of HK$4.88 per Share (assuming an Offer Price of HK$8.99, being the mid-point of our Offer Price range of HK$7.78 to HK$10.20). In order to expand our business, we may consider offering and issuing additional Shares or equity-linked securities in the future. In such event, investors of our Shares may experience further dilution in the net tangible book value per Share of their Shares if the offer price for these new offerings are below the Offer Price for the Shares or they may experience dilution of their ownership percentage due to the issue of additional shares. In addition, the Company has conditionally adopted the Pre-IPO Scheme and the Share Option Scheme under which it has granted or may grant in the future certain options for subscription of the Shares. If these options were to be exercised, investors of our Shares may experience further dilution in the net tangible book value per Share of their Shares if the exercise prices are below the Offer Price, or they may experience dilution of their ownership percentage.

Industry and market information and statistics contained in this prospectus may not be up to date or accurate

Certain facts and statistics in this prospectus are derived from various official government sources that we believe to be generally reliable. However, whilst the Directors have taken reasonable care in the reproduction of these facts and official statistics, we cannot guarantee the quality or reliability of such source materials and such facts and official statistics have not been prepared or independently verified by the Company, the Underwriters or any of their respective affiliates or advisers. We, therefore, make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information complied by others. These statistics and figures could be outdated, incomplete or inconsistent when compared to the information provided by other institutions, or when compared with market conditions or other issues due to the potential flawed or unscientific methodology in collecting data. Investors should not place undue reliance on the market information and statistics contained in this prospectus.

You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering

Prior to the publication of this prospectus, there has been press and media coverage regarding us and the Global Offering, including, but not limited to the Hong Kong Economic Journal on 22 May 2008, which included certain financial information, financial projections, valuations and other information about us that does not appear in this prospectus. We have not authorised or prepared the disclosure of any such information in the press or media. We do not accept any responsibility for any

such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim it. Accordingly, prospective investors should not rely on any such information. In making your decision as to whether to purchase our shares, you should rely only on the financial, operational and other information included in this prospectus.

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. The forward-looking statements are contained principally in the sections entitled "Summary", "Risk Factors", "Industry Overview", "Business", "Financial Information" and "Future Plans and Use of Proceeds".

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

- our business and operating strategies and our various measures to implement such strategies;
- our dividend policy;
- our capital expenditure plans;
- our operations and business prospects;
- our future expected financial position;
- future developments in the shipping industry;
- the competitive environment in the shipping industry; and
- changes to regulatory and operating conditions in the markets in which we operate.

In some cases, we use words such as "believe", "seek", "intend", "anticipate", "project", "plan", "potential", "will", "may", "should" and "expect" and similar expressions to identify forward-looking statements. All statements other than statements of historical facts included in this prospectus, including statements regarding strategy, plans and objectives of management for future operations, are forward-looking statements. Although we believe that the expectations reflected in those forward-looking statements are reasonable, we can give no assurance that those expectations will prove to have been correct, and you are cautioned not to place undue reliance on such statements. Some of the important factors that could cause actual events to differ materially from our expectations are disclosed under "Risk Factors" and elsewhere in this prospectus, including in conjunction with the forward-looking statements included in this prospectus. We undertake no obligation to publicly update or revise any forward-looking statements contained in this prospectus, whether as a result of new information, future events or otherwise, except as required by law and the Hong Kong Listing Rules. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by us, the Joint Lead Managers, the Joint Sponsors or the Underwriters. Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the Latest Practicable Date or that the information in it is correct as of any subsequent time.

INFORMATION ON THE HONG KONG PUBLIC OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. The listing of our Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. One of the conditions is that the Offer Price must be agreed among us and the Joint Lead Managers on behalf of the Underwriters.

For applicants applying under the Hong Kong Public Offering, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering. For information about the Underwriters and the underwriting arrangements, see the section headed "Underwriting" in this prospectus.

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

We have applied to the Listing Committee of the Hong Kong Stock Exchange for listing of, and permission to deal in, the Shares on the Hong Kong Stock Exchange including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option and the options granted or may be granted under the Pre-IPO Scheme or the Share Option Scheme. Dealings in the Shares on the Hong Kong Stock Exchange are expected to commence at 9:30 a.m. (Hong Kong time) on 11 June 2008.

No part of the share or loan capital of the Group is listed, or dealt in, on any other stock exchange and at present, the Group is not seeking or proposing to seek a listing of or permission to deal in the Shares on any other stock exchange.

RESTRICTION ON OFFER AND SALE OF SHARES

Each person acquiring the Public Offer Shares under the Hong Kong Public Offering will be required to confirm, or be deemed by his acquisition of the Public Offer Shares to have confirmed, that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit an offering of the Offer Shares in any jurisdiction other than in Hong Kong or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscription for, purchasing, holding or disposing of, and dealing in, the Shares (or exercising rights attaching to them) under the laws of the place of your operations, domicile, residence, citizenship or incorporation. None of the Joint Lead Managers, the Joint Bookrunners, the Joint Sponsors, the Underwriters or us, any of our or their respective directors, officers or any other person or party involved in the Global Offering accepts responsibility for your tax effects or liability resulting from your subscription for, purchase, holding or disposing of, or dealing in, our Shares or your exercise of any rights attaching to our Shares.

HONG KONG SHARE REGISTER AND STAMP DUTY

All Shares issued by us pursuant to applications made in the Hong Kong Public Offering will be registered on our branch register of members to be maintained in Hong Kong. Our principal register of members will be maintained by the Company's principal share registrar in the Cayman Islands.

Dealings in the Shares registered on our Hong Kong branch register will be subject to Hong Kong stamp duty.

DIVIDENDS PAYABLE TO HOLDERS OF SHARES

Unless we determine otherwise, dividends will be paid to our Shareholders as recorded on our register of members, by ordinary post at the Shareholders' risk to the registered address of each Shareholder.

PROCEDURE FOR APPLICATION FOR PUBLIC OFFER SHARES

The application procedure for the Public Offer Shares is set out in the section headed "How to Apply for the Public Offer Shares" in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of US dollars into HK dollars at the rate of US$1.00 = HK$7.8, and such translations are for reference only. The translation in this prospectus of RMB into HK dollars are made at the rate of RMB1.00 = HK$1.12, being the medium exchange rate published by the People's Bank of China on the Latest Practicable Date. These are provided by way of illustration only and no representation is made, and none should be construed as being made, that the US dollar or RMB amounts set out in this prospectus could have been or could be converted into Hong Kong dollars at any particular rate on such date or any other date or at all.

ROUNDING

Any discrepancies in any table between totals and sums of individual amounts listed in any table are due to rounding.

Executive Directors

Name	Address	Nationality
CHAO, George Sze Kwong	10th Floor, Block B, Villa Verde, 12 Guildford Road, The Peak Hong Kong	British
CHAO, Sih Ming Sabrina	B302, Villa Verde, 12 Guildford Road, The Peak Hong Kong	British
HUXLEY, Timothy Scott	9C, Shan Kwong Tower, 22 Shan Kwong Road, Happy Valley, Hong Kong	British
KAM, Koon Tong David	Flat A, 9/F, 110 Broadway, Mei Foo Sun Chuen, Kowloon, Hong Kong	British

Non-executive Directors

Name	Address	Nationality
CRIEL, Ludwig P.M.	de Gerlachekaai 20 2000 Antwerp Belgium	Belgian
CHEN Zhong Biao	502, Building 8A, Xianggangliyuan, No.188 Tongzhou Road, Hongkou District, Shanghai, PRC	Chinese

Independent non-executive Directors

Name	Address	Nationality
LO, Ka Shui	Unit 2A, Serenity Place, 22 Mount Cameron Road, The Peak, Hong Kong	Chinese (Hong Kong)
NEWBIGGING, David Kennedy	119 Old Church Street, London SW3 6EA, England	British
TAN, Man Kou	10C, Sea Cliff Mansion, 19 Repulse Bay Road, Hong Kong	Chinese (Hong Kong)
SIBLEY, Nicholas Theobald	6B Vista Mount Davis, 52-54 Mount Davis Road, Pokfulam, Hong Kong	British

Senior Management

Name	Address	Nationality
FAIRCLOUGH, William Thomas Amedee	14B Arts Mansion, 43 Wong Nai Chung Road, Happy Valley, Hong Kong	British
Captain ZHOU Jian-Feng	Flat F, 33/F, Tower 6, Phase II, Metro City Tseung Kwan O, Hong Kong	Chinese

Global Coordinator	Cazenove Asia Limited 50th Floor, One Exchange Square 8 Connaught Place Central Hong Kong
Joint Bookrunners, Joint Lead Managers and Joint Sponsors	Anglo Chinese Corporate Finance, Limited 40th Floor, Two Exchange Square 8 Connaught Place Central Hong Kong Cazenove Asia Limited 50th Floor, One Exchange Square 8 Connaught Place Central Hong Kong
Legal advisers to the Company	*as to Hong Kong law:* Minter Ellison 15th Floor, Hutchison House 10 Harcourt Road Central Hong Kong *as to Cayman Islands law:* Conyers Dill & Pearman Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Legal advisers to the Underwriters	*as to Hong Kong law:* Herbert Smith 23rd Floor, Gloucester Tower 15 Queen's Road Central Hong Kong *as to US law:* Dorsey & Whitney 88 Queensway Suite 3008, One Pacific Place Hong Kong

Reporting accountants	PricewaterhouseCoopers *Certified Public Accountants* 22/F, Prince's Building Central Hong Kong
Property valuer	DTZ Debenham Tie Leung Limited 10th Floor Jardine House 1 Connaught Place Central Hong Kong
Ship valuer	Fearnleys Grev Wedels Plass 9 Sentrum 0107 Oslo Norway
Receiving bank	Standard Chartered Bank (Hong Kong) Limited 15th Floor, Standard Chartered Tower 388 Kwun Tong Road Kwun Tong, Kowloon Hong Kong

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business in Hong Kong	Unit 2103, 21st Floor Shanghai Industrial Investment Building 48-62 Hennessy Road Wan Chai Hong Kong
Company secretary	KAM, Koon Tong David, HKICPA ACCA
Qualified accountant	KAM, Koon Tong David, HKICPA ACCA
Authorised representatives for the purpose of Rule 3.05 of the Hong Kong Listing Rules	CHAO, Sih Ming Sabrina B302 Villa Verde 12 Guildford Road The Peak Hong Kong HUXLEY, Timothy Scott 9C, Shan Kwong Tower 22 Shan Kwong Road Happy Valley Hong Kong
Authorised representatives to accept service of process and notices on behalf of the company for the purpose of Part XI of the Hong Kong Companies Ordinance	CHAO, Sih Ming Sabrina B 302, Villa Verde 12 Guildford Road The Peak Hong Kong KAM, Koon Tong David Flat A, 9/F, 110 Broadway, Mei Foo Sun Chuen Kowloon, Hong Kong
Audit committee	TAN, Man Kou (Chairman) NEWBIGGING, David Kennedy SIBLEY, Nicholas Theobald
Remuneration committee	NEWBIGGING, David Kennedy (Chairman) TAN, Man Kou CRIEL, Ludwig
Nomination committee	NEWBIGGING, David Kennedy (Chairman) SIBLEY, Nicholas Theobald CRIEL, Ludwig

Principal share registrar and transfer office	Butterfield Fund Services (Cayman) Limited Butterfield House 68 Fort Street P.O. Box 705 Grand Cayman KY1-1107 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wan Chai, Hong Kong
Principal banker	Wing Hang Bank
Compliance adviser	Anglo Chinese Corporate Finance, Limited 40th Floor, Two Exchange Square 8 Connaught Place Central Hong Kong

Maritime Strategies International Ltd. has provided certain statistical and graphical information contained in this Industry Overview. Maritime Strategies International Ltd. has advised that (i) some information in Maritime Strategies International Ltd.'s database is derived from estimates derived from industry sources or subjective judgments, (ii) the information in the databases of other maritime data collection agencies may differ from the information in Maritime Strategies International Ltd.'s database, (iii) whilst Maritime Strategies International Ltd. has taken reasonable care in the compilation of the statistical and graphical information and believes it to be accurate and correct, data compilation is subject to limited audit and validation procedures and may accordingly contain errors, (iv) Maritime Strategies International Ltd., its agents, officers and employees cannot accept liability for any loss suffered in consequence of reliance on such information or in any other manner, and (v) the provision of such information does not obviate any need to make appropriate further enquiries.

Trends and structures within the shipping industry

For all goods other than those with very high value-to-weight ratios, shipping is the most cost effective mode of long haul transport. Since 1990, the volume of world trade has grown very much faster than total world output as measured by GDP. There is little doubt that China's economic progress has contributed to the growth in demand for shipping. As with Japan, Korea and other Asian economies before it, Chinese industrialisation has been predominantly export-led and most of the oil, gas and industrial raw materials that underpin its development are imported, often over long distances. The main difference is that Chinese industrialisation and development dwarfs its Asian neighbours in terms of its scale.

Demand

The characteristics and volume of cargoes determine the type and size of ships employed. Cargoes are customarily divided into "wet" (moved by tankers) and "dry" (moved by dry bulkcarriers) trades.

Table: World seaborne cargoes (million tonnes)

	2002	2003	2004	2005	2006	2007(e)	CAGR 2002-2007
Dry							
Iron ore	491.4	531.7	582.2	646.8	685.2	745.9	8.7%
Coal	580.9	627.7	673.8	709.0	761.0	821.0	7.2%
Grains/soya	290.1	287.2	284.5	293.2	308.14	317.8	1.8%
Minor bulks	463.4	486.7	533.9	564.9	582.3	604.1	5.4%
Total	**1,825.8**	**1,933.3**	**2,074.4**	**2,213.9**	**2,336.6**	**2,488.1**	**6.4%**
Wet							
Crude oil	1,798.7	1,841.7	1,984.8	2,066.3	2,149.3	2,269.4	4.8%
Oil products	570.2	625.3	717.7	847.8	889.5	879.2	9.0%
Total	**2,368.9**	**2,467.0**	**2,702.5**	**2,914.1**	**3,038.8**	**3,148.6**	**5.9%**

Shipping demand drivers are as diverse as is international trade. Industrial goods are tied to the economic cycle, agricultural goods are affected by consumer preferences and weather, raw materials/fuels are determined by geographic natural resource imbalances, while manufactured goods are governed by comparative advantage and competition. Voyage time can also impact shipping demand (affected by factors such as distance, speed and shore-based infrastructure issues).

Supply

With crude oil the largest single cargo on the wet side, the oil tanker fleets dominate this category: of the tanker sector shown in the table below, almost 90% is accounted for by oil tankers. On the dry side, bulkcarriers are the main category, while container ships have seen the fastest growth.

Table: World fleets >5 k dwt, 2002-2007

	2002		**2003**		**2004**		**2005**		**2006**		**2007 (e)**	
	Mn dwt	**No. of Vessels**	**Mn dwt**	**No. of Vessels**	**Mn dwt**	**No. of Vessels**	**Mn dwt**	**No. of Vessels**	**Mn dwt**	**No. of Vessels**	**Mn dwt**	**No. of Vessels**
Tankers	295.1	4,391	306.5	4,537	326.7	4,763	353.0	5,080	375.6	5,408	398.9	5,775
Bulkcarriers	291.8	5,492	299.4	5,552	317.8	5,776	340.1	6,054	362.6	6,306	387.6	6,616
Containers	85.1	2,829	91.9	2,984	100.1	3,156	112.1	3,423	128.5	3,767	144.8	4,135
Others	98.8	6,786	99.1	6,729	101.2	6,790	104.5	6,955	108.7	7,169	113.8	7,441
Total	**770.8**	**19,498**	**797.0**	**19,802**	**845.8**	**20,485**	**909.7**	**21,512**	**975.4**	**22,650**	**1,045.2**	**23,967**

In broad terms, supply is governed by the cargo capacity of the existing stock of ships, together with the future inflow of newbuildings and the outflow of ship demolitions. Recent years have seen a significant boom in shipping and contracting has reached unprecedented heights. As discussed later, it would appear that the peak in tanker ordering has passed, but ordering for bulk and container vessels has exploded to new records. Across all vessel types, contracting placed in 2007 was more than 3,800 vessels of 254 million dwt: of these 1,780 vessels of over 154 million dwt (61%) are bulkers and 332 vessels of over 31 million dwt (just over 12%) are oil tankers. The current orderbook totals 506 million dwt, which is equivalent to 48% of the existing global fleet. The total orderbook is again dominated by bulkers (2,781 vessels of 234 million dwt, or 46% of the total), but oil tankers have a larger share following their peak in ordering through 2006 (1,144 vessels of 129 million dwt, or 25% of the total).

There is no reliable indicator of vessel demolition but, in practice, the two major determinants are vessel age and the freight market balance. In the bulker and tanker sectors of shipping, technical innovation in the past twenty years has focused on fuel economy together with optimising cargo deadweight carried on specific drafts, which means older ships can still compete for business with modern vessels, although they may prove less attractive to charterers; as such very few vessels less than 20 years of age are scrapped and most demolitions are more than 25 years old (the only exception being single hull tankers owing to a change in regulations effective in 2010). Currently the average age of global shipping is a shade over 15 years (15.14 years).

Employment

The organisation, ownership and characteristics of merchant shipping differ substantially between its sectors, which influences relative earnings volatility. Much dry bulk and tanker shipping is organised on a 'tramp' basis, where ships are chartered 'spot' for individual voyages. Other differences include the number of independent ship-owners, the degree of ownership concentration and the liquidity of the vessel re-sale market.

In recent years, earnings in all shipping sectors have become more volatile, due partly to strong demand/shortage of tonnage and partly to the development of charter markets in sectors of shipping formerly dominated by 'captive' fleets dedicated to particular operators/trades.

Freight is the primary source of revenue to a shipping company, but the freight rate can be volatile, being related to demand and supply of vessels. Freight is paid when a customer charters a vessel for a specified period of time or to carry a specific cargo. The charter market is highly competitive as shipping companies compete on the offered freight rate, the location, the technical specification and quality of the vessel, and the reputation of the vessel's manager. Typically the contractual agreement between the shipping company and the customer (known as the charterparty) is based on standard industry terms, which come in a number of different types:

- Spot market: the vessel earns income for each individual voyage.

- Contract of affreightment (COA): the vessel carries quantities of a specific cargo on a particular route or routes over a given period of time using vessels of the owners' choice within specified restrictions.

- Time charter (period charter): the vessel is hired for a period of time, with the vessel owner being responsible for providing the crew and paying operating costs. The charterer is responsible for fuel and other voyage costs.

- Bareboat charter: the vessel owner charters the vessel for a pre-agreed period and daily rate. The charterer is responsible for operating the vessel and for payment of the charter rates.

The dry bulk sector

The international dry bulk industry transports by sea various dry cargoes in bulk. The most important of these commodities are iron ore, coal, and grain, which together account for almost 76% of total dry bulk trade. Other cargoes include agricultural products such as fertilisers, steel products, forest products, metals, cement and a wide range of other minerals. Shipping companies provide transportation to customers such as power utilities, steelmakers, grain houses, commodity traders and government agencies.

Industry ownership

International dry bulk transportation services are primarily provided by independent ship-owners (in contrast to the tanker industry where many oil companies also have their own fleets). The ownership of the global dry bulkcarrier fleet is highly fragmented and the largest owner owns only 4.8% of the global fleet capacity of dry bulkcarriers over 5,000 dwt tonnes. In geographic terms, beneficial ownership is more concentrated and Japan and Greece lead the field with 22.7% and 20.1% of the global fleet respectively.

Demand

Over the last five years, seaborne dry bulk trade grew from 1,826 million tonnes in 2002 to an estimated 2,489 million tonnes in 2007, a compound annual growth rate (CAGR) of around 6.4%, or more than double the 2.7% experienced during the previous five years. Following its accession to the WTO, China has experienced exceptional economic growth, which has stimulated trade growth throughout the Asia Pacific region. But the key driver of this acceleration was iron ore shipments to China. With the exception of coal, China is relatively poorly endowed with industrial bulk commodities and must import by sea most of the raw materials necessary to sustain its industrialisation.

However, demand for dry bulkcarriers is not governed just by the volume of cargo tonnage. The distance or "average haul" that this tonnage must be transported from producer to consumer is also of key importance and industry demand is frequently expressed in "tonne-miles" as the product of these two quantities. Again, China has been a significant factor in driving up average haul lengths because of the long distances iron ore cargoes, notably those from Brazil, must be transported.

Steel & Iron Ore

Driven by construction and large government infrastructure projects, Chinese economic growth has been very steel-intensive. Its domestic crude steel output rose by a CAGR of just under 22% between 2002 and 2007 and the aggregate increase of 309 million tonnes over this period constituted over 70% of overall increment in world output. But because Chinese consumption increased even faster than its production, Chinese demand also contributed to an export-led revival in other steel producing nations.

Table: World Steel Production (million tonnes)

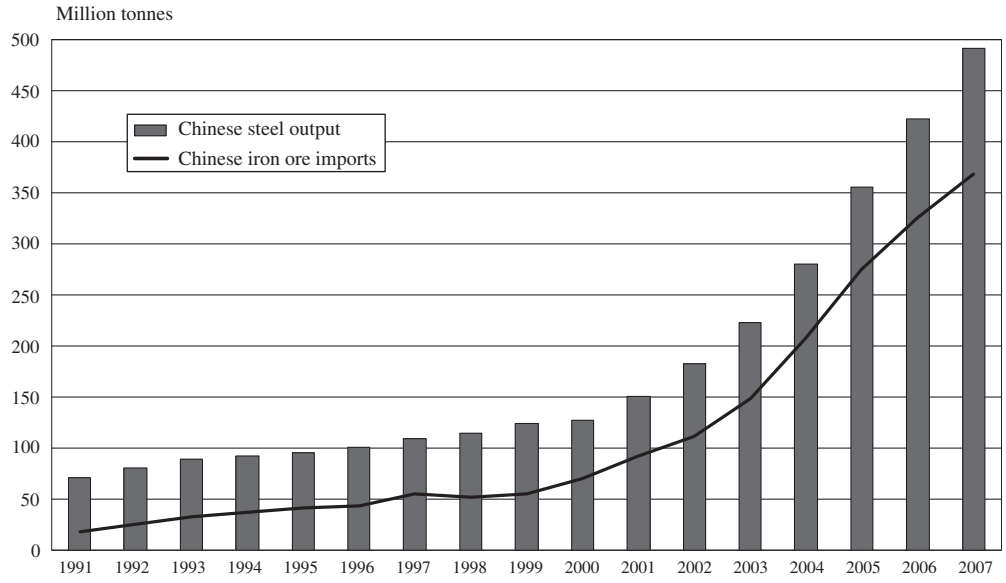
	2002	2003	2004	2005	2006	2007(e)	CAGR 2002-2007
N. America	107.6	109.6	116.0	110.2	114.0	111.1	0.7%
W. Europe	176.9	181.0	191.3	187.9	198.5	203.2	2.8%
E. Europe/Former Soviet Union	131.7	139.0	148.2	145.4	156.1	162.5	4.3%
China	182.2	222.4	280.5	355.8	422.7	491.2	21.9%
Japan	107.7	110.5	112.7	112.5	116.2	120.2	2.2%
Others	202.7	212.2	225.3	227.0	242.5	259.3	5.1%
Total	**908.8**	**974.7**	**1,074.0**	**1,138.8**	**1,250.0**	**1,347.6**	**8.2%**

China has large domestic reserves of iron ore, but they are of poor quality and low in iron content and are normally mixed with high quality imported ore. As a result, Chinese iron ore imports have grown by 27% per annum between 2002 and 2007. The close link between the growth in Chinese steel manufacturing and iron ore imports is shown in the subsequent chart.

Table: World iron ore imports (million tonnes)

	2002	2003	2004	2005	2006	2007(e)	CAGR 2002-2007
W. Europe	132.0	131.2	141.0	136.4	140.7	143.6	1.7%
E. Europe	43.1	52.4	49.6	44.6	46.9	46.2	3.3%
China	111.54	148.2	208.1	275.2	326.3	368.7	27.0%
Japan	129.1	132.1	134.9	132.3	134.4	138.9	1.5%
Others	110.1	113.4	116.8	129.1	118.7	116.1	1.1%
Total	**525.8**	**577.3**	**650.4**	**717.5**	**766.9**	**813.5**	**9.1%**

Figure: Steel production and iron ore imports by China



Most of this ore is supplied by Australia and Brazil, which together accounted for an estimated 67% of global iron ore exports in 2007. Australia was traditionally the larger source, but Brazil has experienced faster growth and overtook the former as the largest exporter in 2006.

Table: World iron ore exports (million tonnes)

	2002	2003	2004	2005	2006	2007(e)	CAGR 2002-2007
Oceania	174.8	197.4	222.0	239.9	248.3	270.6	9.1%
Brazil	170.0	184.4	200.9	223.4	246.6	275.6	10.1%
India	54.9	57.3	62.7	80.9	86.4	94.0	11.3%
E. Europe/Former Soviet Union	42.0	47.6	48.8	50.9	58.1	59.5	7.2%
Others	100.3	103.2	106.9	117.9	115.0	113.7	2.6%
Total	**542.0**	**590.1**	**641.3**	**713.0**	**754.3**	**813.5**	**8.5%**

Coal

Asia's rapid industrial development has contributed to strong demand for other dry bulk commodities, notably steam coal for electric power generation, much of which is generated from coal-fired plants, especially in China. Demand has also been boosted by safety problems with Japan's nuclear power industry and Indian plans for several large coal-fired power generation units, a number of which are planned for coastal sites and imported coal. The high cost of oil and gas in general has led to the increasing development of coal-fired electricity plants across the world, but especially in Asia.

Table: World coal imports (million tonnes)

	2002	2003	2004	2005	2006	2007(e)	CAGR 2002-2007
W. Europe	190.4	206.3	221.1	217.7	233.1	244.0	5.1%
Japan	158.5	166.4	179.4	180.7	177.0	189.5	3.6%
Korea	69.9	72.0	79.0	75.4	77.7	82.8	3.4%
India	24.6	27.8	29.9	40.9	47.2	53.9	17.0%
Taiwan	52.0	54.7	60.6	61.4	62.2	66.3	5.0%
Other Asia	38.8	45.0	57.0	65.6	80.4	106.8	22.5%
Others	131.5	150.2	147.3	149.1	156.5	169.7	5.2%
Total	**665.7**	**722.4**	**774.3**	**790.8**	**834.1**	**913.1**	**6.5%**

Australia is the world's main coal exporter, accounting for approximately 28% of the global total in 2007. Indonesia has also increased its exports very significantly in recent years, becoming an important source for business for panamax, supramax and handymax vessels. Indonesia's share of global coal exports has risen from 11% in 2002 to an estimated 23% in 2007. Other important exporters are South Africa and Colombia.

Table: World coal exports (million tonnes)

	2002	2003	2004	2005	2006	2007(e)	CAGR 2002-2007
Australia	203.9	215.5	228.0	233.1	236.8	252.1	4.3%
Indonesia	73.1	88.7	105.1	128.6	182.7	210.0	23.5%
South Africa	70.4	70.0	67.6	74.2	67.6	79.4	2.4%
Colombia	35.4	44.4	51.2	54.6	58.3	65.7	13.2%
Others	282.9	303.8	322.4	300.3	288.7	305.8	1.6%
Total	**665.7**	**722.4**	**774.3**	**790.8**	**834.1**	**913.1**	**6.5%**

Grain

Wheat and coarse grain trades fluctuate considerably from year to year, due to a long history of price volatility, government interventionism and weather conditions. But, despite urbanisation, population growth and increased demand for livestock feeds, trend growth in grain trade has been sluggish. This is due primarily to rising productivity and yields in importing areas.

Table: World wheat and coarse grain imports (million tonnes)

	2002	2003	2004	2005	2006	2007(e)	CAGR 2002-2007
Latin America	36.5	37.3	37.8	44.4	46.3	45.3	4.4%
North Africa	27.9	23.8	29.9	29.1	27.6	28.5	0.4%
Middle East	25.6	22.7	27.1	30.5	27.9	26.0	0.3%
Japan	25.9	25.7	25.5	25.2	25.3	24.6	-1.0%
Others	95.6	93.0	90.8	85.5	96.8	94.2	-0.3%
Total	**211.5**	**202.5**	**211.1**	**214.7**	**224.0**	**218.6**	**0.7%**

The international trade in grains is dominated by four key exporting regions – North America, Latin America, Oceania and Europe – which together account for more than 82% of estimated exports in 2007.

Table: World wheat and coarse grain exports (million tonnes)

	2002	2003	2004	2005	2006	2007(e)	CAGR 2002-2007
Canada	11.1	19.4	17.8	20.1	23.2	19.6	12.0%
US	69.3	85.3	80.4	87.1	83.2	99.1	7.4%
Latin America	24.4	28.5	29.8	28.4	40.6	38.2	9.4%
Europe	33.9	16.6	24.1	25.7	22.5	16.6	-13.3%
Oceania	13.4	25.3	19.4	21.6	11.1	11.3	-3.5%
Others	62.5	38.0	41.4	40.5	45.4	38.2	-9.4%
Total	**214.6**	**213.0**	**212.8**	**223.3**	**226.0**	**222.9**	**0.8%**

Minor Bulks

The volume of minor cargoes transported in bulk amounted to an estimated 582 million dwt in 2006 or just under 25% of total seaborne bulk trade. The cargoes have grown at a CAGR of 5.9% between 2002 and 2006, led by steel and construction related materials.

Bulkcarrier Size Segments

While there is no absolute definition, dry bulkcarriers are commonly categorised into size ranges as set out in the following table:

Table: Bulker fleet segmented by size range as at end February 2008

	Size range (k dwt)	No. of vessels		dwt capacity	
		Total	% Share	Total	% Share
Handysize	5-39.9	2,875	43.2	72.6	18.6
Handymax	40-49.9	846	12.7	38.0	9.7
Supramax	50-59.9	630	9.5	33.7	8.6
Panamax	60-79.9	1,354	20.3	96.9	24.8
Post-Panamax	80-99.9	170	2.6	14.7	3.8
Capesize	>100	784	11.8	134.7	34.5
Total		**6,659**	**100.0**	**390.5**	**100.0**

Although numerically most vessels fall into the handysize class, the majority when measured by dwt capacity are in the panamax and capesize segments. Whereas panamax and capesizes are typically gearless, the large majority of handysize/handymax vessels are geared, which means they have their own loading equipment. Recently, however, a number of geared bulkcarriers in the 50,000-59,999 dwt range have been built, which are increasingly being referred to as a separate 'supramax' segment. The handysize/handymax fleet has the greatest heterogeneity in terms of cargoes and routes; their size, gear and design make them extremely versatile and allow access to many more and smaller ports. Trading patterns and cargoes are highly diversified, including wheat and coarse grains, agricultural bulk commodities, fertilisers, minor ores and minerals, steel products and scrap, forest products, and semi-processed commodities such as coke and cement.

Supramaxes are a relatively new development, falling between the former handymax and panamax classes. This vessel type has become increasingly popular in recent times and the supramax orderbook now stands at 46.9 Mn dwt, which is greater than the existing fleet at the end of 2007. In 2007, orders for 30.3 Mn dwt of supramaxes were placed which, for example, can be compared with the 10.6 Mn dwt ordered in 2006. Supramaxes tend to carry cargoes such as coal and grain. The fact that these vessels are geared increases their flexibility in terms of ports served and routes operated. Although these vessels have a global spread, there appears to be pockets of concentration in areas such as East Coast South America, the US Gulf, and East Coast India eastwards across Asia.

Panamax vessels, originally designed as the largest vessels able to transit the Panama Canal, now primarily carry coal, grains and minor dry bulk cargoes on routes where relatively short voyage distances, limited cargo volumes or restricted port drafts discourage the use of larger vessels. Key loading areas include North America, Latin America, Africa and Asia for coal, and North America, Latin America and Australia for wheat and coarse grains. Discharge areas are more uniformly distributed around the world. More recently, panamaxes have benefited from the strong iron ore trade, with high cargo volumes and port congestion constraining capesizes, and leading to a cascade effect into higher demand for panamaxes.

Capesize vessels are principally designed to exploit scale economies and are deployed almost exclusively on high volume coal and iron ore trades. The major capesize iron ore load regions include Brazil, Australia and India to China, Japan, Korea, and Western Europe. Key capesize coal load areas include Australia, South Africa and Colombia to Far East destinations. The capesize sector has therefore been a major beneficiary of Asia's industrial development.

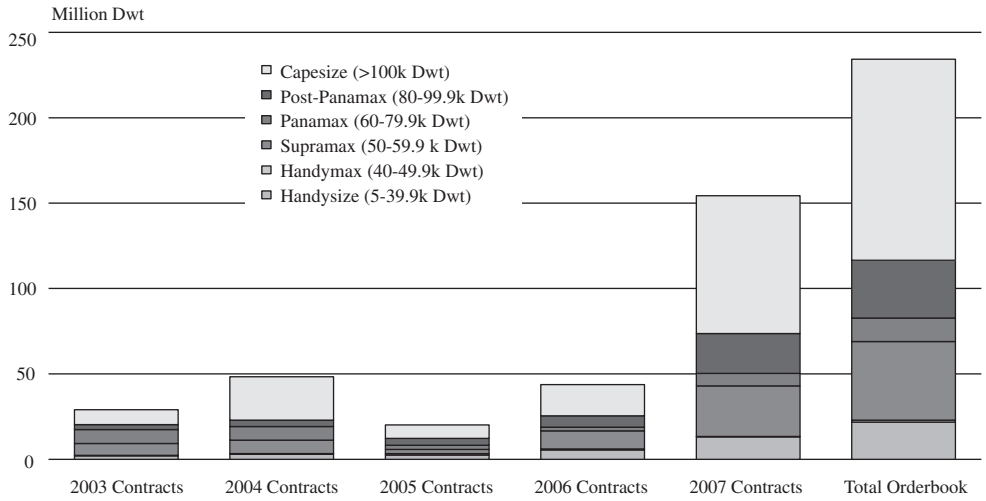
Supply

The supply of dry bulk shipping is conventionally measured by the aggregate deadweight tonnage of the dry bulkcarrier fleet that is available for trading (or in other words those not out of service for reasons of casualty, repair and storage). The primary determinants of this capacity over time are the volume of vessel demolitions on the one hand and of vessel contracting and new deliveries on the other.

As the following chart indicates, ordering in 2007 was a record for bulkcarrier contracting at over 154 million dwt. In 2006 the figure for the whole year was around 43 million dwt. At the end of 2007, the total bulker orderbook amounted to 238 million dwt or around 61% of the existing global fleet.

In terms of size segments, the capesize (>100 k dwt) total orderbook amounts to 635 vessels or 118 million dwt. The latter equates to 87% of the existing global capesize fleet in deadweight terms. By comparison the total panamax (60-79.9 k dwt) orderbook is 193 vessels or around 14 million dwt (which equates to 14% of the existing global panamax fleet) and the supramax (50-59.9 k dwt) orderbook is 820 vessels or around 46 million dwt (which equates to around 136% of the existing global supramax fleet).

Figure: Bulker contracting by year and total orderbook as of end February 2008



Because of the long lead times at yards between contract and delivery, most of these orders, especially for capesizes, will not enter service before 2009/2010. There is currently much discussion within shipping and shipbuilding circles regarding the ability of some new and expanding shipyards to deliver the current orderbook in a timely manner. Historically, the annual rate of slippage in the dry bulk industry is around 10%; in any given year 10% of vessels in dwt terms will miss their scheduled delivery date and slip into the next year. In periods of rapid shipbuilding industry expansion this slippage rate may rise but it is too early in this current expansionary cycle to quantify the risk.

Figure: Actual and currently scheduled bulker deliveries by year and size (1990-2010)

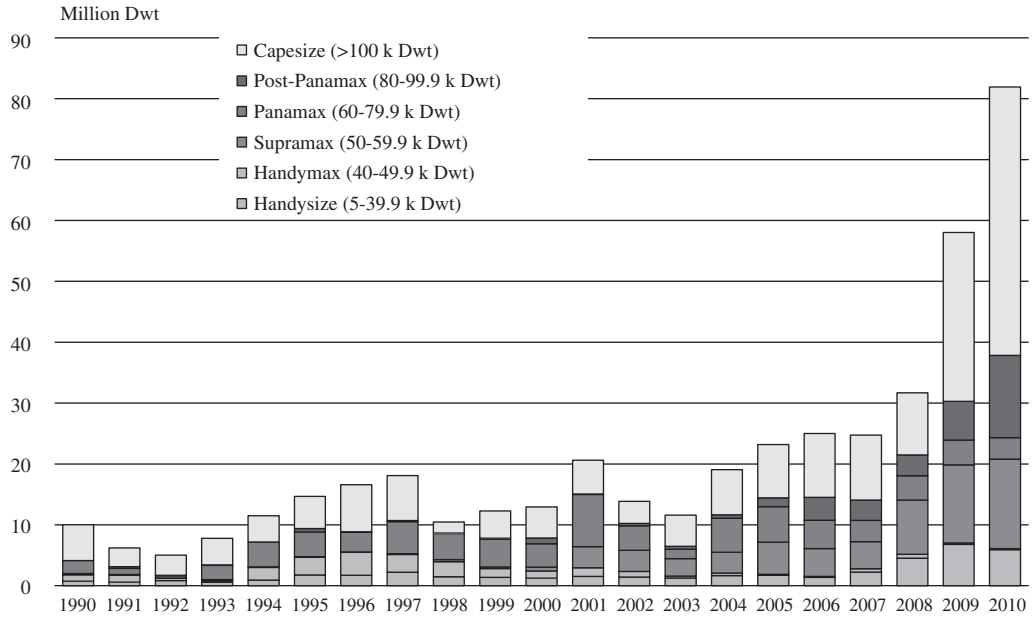


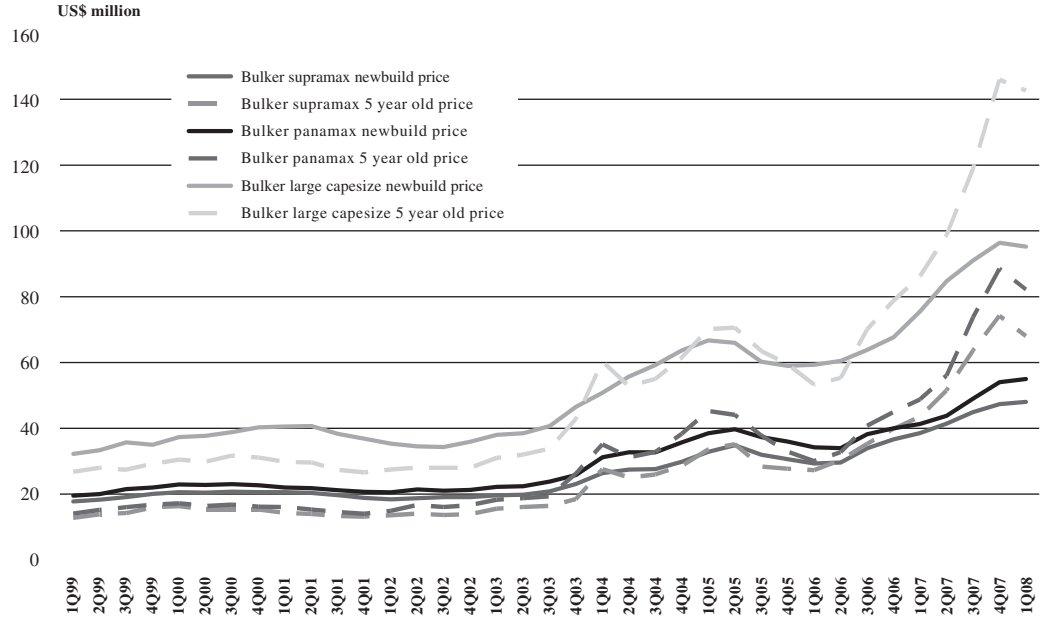
Table: Age Profile of Current Bulker Fleet over 4,999 dwt

	No. of Vessels		Mn dwt Capacity	
Age Band	**Total**	**% Share**	**Total**	**% Share**
0-4 Yrs	1,226	18%	94.7	24%
5-9 Yrs	1,041	16%	71.0	18%
10-14 Yrs	1,125	17%	71.1	18%
15-19 Yrs	498	7%	36.2	9%
20-24 Yrs	986	15%	51.3	13%
25+Yrs	1,783	27%	66.0	17%
Total	**6,659**	**100.0**	**390.5**	**100.0**

Vessel Prices

Newbuilding construction prices have soared in recent years. Rising costs, especially of steel plate, and a falling US dollar (in which yards prices are conventionally expressed) have contributed to these increases. But exceptional freight rates in all shipping sectors have also triggered substantial contracting and long orderbooks, which have encouraged yards to increase price margins. Between January and December 2007, supramax, panamax and capesize newbuild prices have all risen by 30%, 38% and 37% respectively. But, as the following chart shows, re-sale prices have escalated even further. Because of the strong freight market and long delivery times, average re-sale values for five year-old bulkcarriers now exceed the contracting for a newbuilding by a large margin.

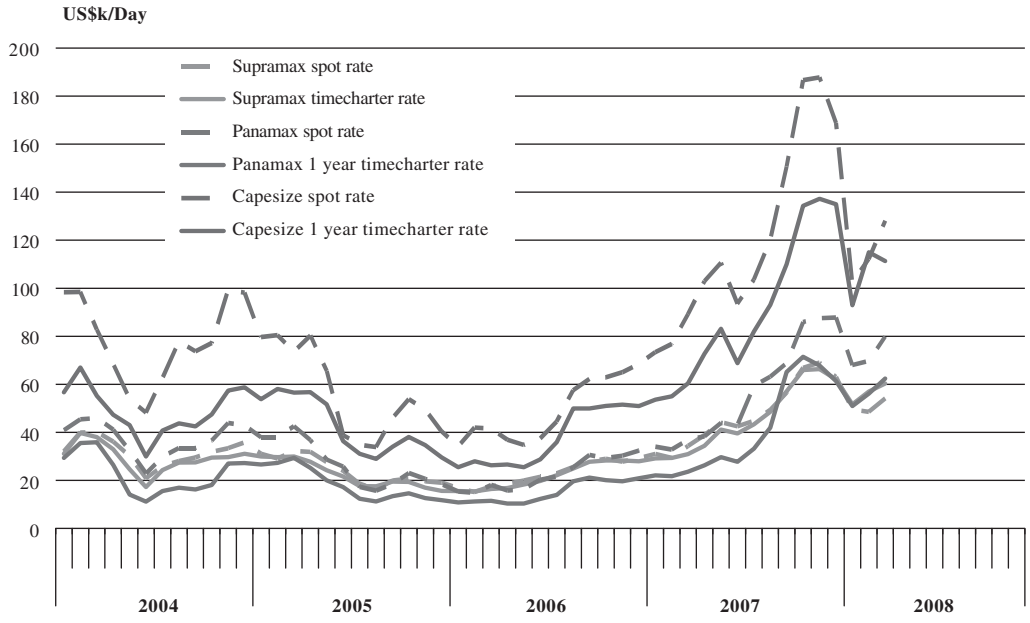
Figure: Newbuilding and 5 year old prices by bulker type



Earnings

The chart below shows the recent rise of spot and 1 year timecharter rates in the bulker sector. In 2007, capesize, panamax and supramax freight rates reached all-time records. In November 2007, capesize spot rates had cleared US$185,000/day, panamax spot rates had surpassed US$87,000/day and supramax rates approached US$70,000/day.

Figure: Supramax, panamax and capesize spot and 1 year timecharter rates



The oil tanker sector

The international oil tanker industry provides ocean transportation of crude oil and refined petroleum products. Crude oil is used to produce refined products with different uses: gasoline (car engines), diesel fuel (truck/tractor, etc engines); jet-fuel (airplanes); gas oil and kerosene (heating and cooking) and naphtha (petrochemical industry). In 2007, the industry transported an estimated 3.1 billion metric tons of oil, including 2.2 billion metric tons of crude oil and almost 0.9 billion metric tons of refined petroleum products. Customers for oil tanker services include oil companies, oil traders, large oil consumers, petroleum-product producers (i.e. refineries), government agencies and storage facility operators. Oil tanker owners are typically either state run oil companies or independent ship-owners.

The freight rate for transporting oil can be volatile and is related to the demand and supply of oil tankers. Oil tanker demand is influenced by factors such as international economic activity, changes in crude oil production, consumption, price levels, crude and refined products inventories and the distances over which oil is transported. Crude oil tanker supply is influenced by newbuilding levels, scrapping, the dry-docking of existing vessels, environmental regulations and other factors.

Industry ownership

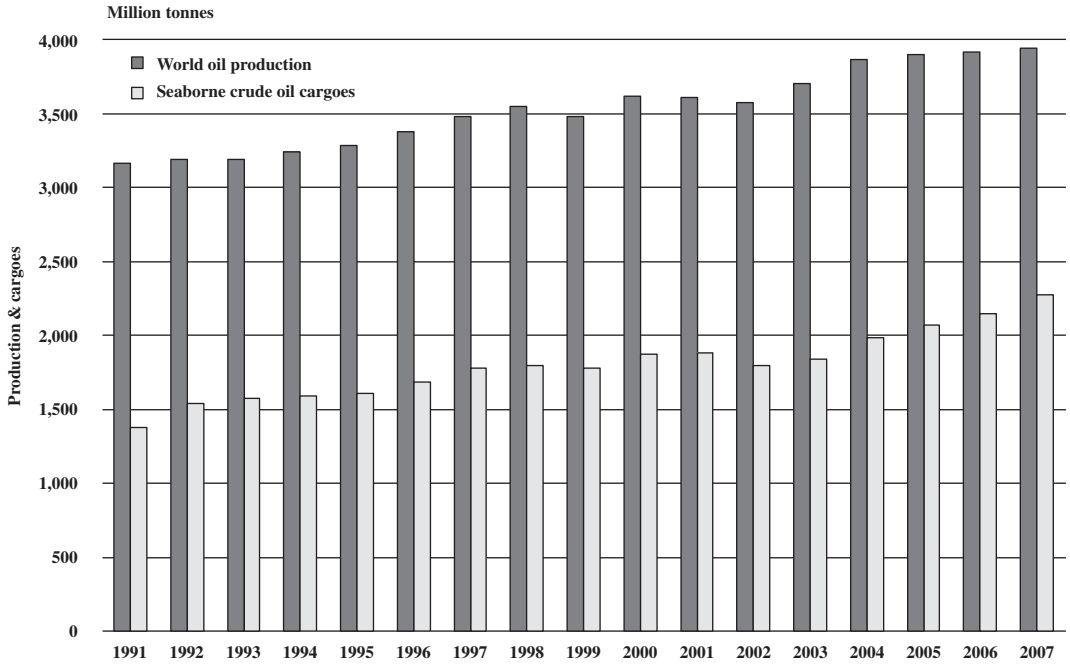
Seaborne transportation of crude oil is provided both by major oil companies (private and state-owned) and by independent ship owners. The desire of major oil companies to outsource shipping has caused the number of oil tankers owned by oil companies to decrease in the last 20 years. As a result, independent crude oil tanker companies now own or control a large majority of the international crude oil tanker fleet. In recent years, leading crude oil tanker owners have been consolidating. The ten largest crude oil tanker companies (by dwt) currently control approximately 24% of the international crude oil tanker fleet over 5,000 dwt (the two largest have around 3.4% and 3.0% of the total). These companies seek to exploit the commercial and operational advantages of a larger fleet, either by increasing their own capacity or by placing vessels in commercial pools. Due to their large size, pools offer participants more opportunities to enter complex charters, including contracts of affreightment, and minimise unloaded backhauls and non-earning days via scheduling efficiencies than if vessel owners were to operate a vessel outside of a pool.

Demand

The amount of oil transported in tankers is governed by the demand for oil (tanker demand is hence 'derived demand' from oil demand), which is affected by general economic conditions, including international economic activity, imbalances between domestic production and consumption, oil prices and inventory levels for crude oil and refined petroleum products. Oil demand is also subject to seasonal factors. Winter heating and summer gasoline demand in the Northern hemisphere cause consumption to rise after a second quarter trough to a peak in the fourth quarter. However, due to the growing importance of Asia, this seasonal pattern has become less marked recently. In addition to the volume of oil cargo, tanker demand is affected by the distance required to transport oil and is expressed in "tonne-miles" (see section on the dry bulk sector). The distance component is the most variable element of tonne-mile demand and is determined by the location of oil production and its efficient distribution for refining and end use consumption, major geopolitical events, infrastructural factors (such as the availability of pipelines and canal "shortcuts") and so on.

Seaborne crude oil trade expanded by a CAGR of 4.8% between 2002 and 2007 (1,799 million tonnes to an estimated 2,269 million tonnes), which marks an increase on the longer term trend. The largest consumers of oil are the OECD developed nations, in particular North America, Europe, Japan and Korea and increasingly China. China has been the fastest growing region for oil consumption in recent years, moving from 260 million tonnes to an estimated 380 million tonnes of consumption from 2002 to 2007 at a CAGR of 7.8%. The largest suppliers of oil are the Middle Eastern countries and Russia. The following chart outlines world oil production and seaborne crude oil trade from 1991 to 2007: while production grows at a CAGR of 1.4% over the period, crude oil seaborne trades have grown roughly twice as fast with a CAGR of 3.2%.

Figure: Oil production and crude oil seaborne trade



As the tables below illustrate, growth in oil demand over the last four years has been strongest in China. In contrast, demand in North America and Western Europe has been flatter, while Japan has seen a decline. At the same time, oil supply has grown fastest in long-haul oil-exporting regions, particularly the Former Soviet Union, Africa and the Middle East.

Table: Oil consumption (million tonnes)

	2002	2003	2004	2005	2006	2007(e)	CAGR 2002-2007
N. America	989.6	1,008.2	1,049.3	1,051.7	1,037.7	1,046.3	1.1%
S. America	306.3	300.8	307.5	317.6	323.4	336.7	1.9%
W. Europe	659.0	662.2	668.5	672.3	673.6	658.9	0.0%
E. Europe/Former Soviet Union	243.4	247.2	253.3	257.8	268.0	262.3	1.5%
China	260.3	284.7	334.2	341.6	363.0	379.6	7.8%
Japan	243.6	248.9	241.1	244.0	235.0	226.4	-1.5%
Others	904.6	923.4	959.8	976.3	989.1	1,022.1	2.5%
Total	**3,606.6**	**3,675.3**	**3,813.7**	**3,861.3**	**3,889.8**	**3,932.4**	**1.7%**

Table: Oil production (million tonnes)

	2002	2003	2004	2005	2006	2007(e)	CAGR 2002-2007
N. America	481.8	481.1	476.7	458.2	463.1	474.8	-0.3%
S. America	512.6	507.1	528.6	534.1	528.9	512.1	0.0%
W. Europe	304.9	290.7	281.1	256.5	239.2	227.7	-5.7%
E. Europe/Former Soviet Union	477.7	524.8	570.9	588.9	610.5	638.0	6.0%
Middle East	1,039.3	1,123.4	1,190.4	1,212.9	1,221.9	1,194.3	2.8%
Africa	378.5	397.6	440.7	467.2	473.7	479.3	4.8%
China	166.9	169.6	174.1	180.8	183.7	187.9	2.4%
Others	213.9	207.1	200.3	198.0	193.1	225.1	1.0%
Total	**3,575.6**	**3,701.3**	**3,862.6**	**3,896.8**	**3,914.1**	**3,939.3**	**2.0%**

The disparities between production and consumption mean that there have also been changes in trade by the major importing and exporting regions/nations. While Chinese oil consumption has grown at a CAGR just under 8% over the period shown in the table, its domestic oil production has increased at a CAGR of only 2.4%, leading to growth in its imports as shown below.

Table: Oil imports (million tonnes)

	2002	2003	2004	2005	2006	2007(e)	CAGR 2002-2007
N. America	622.2	661.4	707.4	728.0	727.7	724.9	3.1%
S. America	113.4	107.5	114.8	122.1	142.1	135.7	3.7%
W. Europe	771.4	786.6	810.5	841.2	852.9	921.3	3.6%
China	107.2	136.1	176.0	173.5	199.3	216.5	15.1%
Japan	233.7	236.1	231.7	240.1	238.7	229.7	-0.3%
Others	819.1	895.4	1,004.5	1,074.4	1,117.8	1,182.2	7.6%
Total	**2,667.0**	**2,823.1**	**3,044.9**	**3,179.3**	**3,278.6**	**3,410.3**	**5.0%**

Table: Oil exports (million tonnes)

	2002	2003	2004	2005	2006	2007(e)	CAGR 2002-2007
N. America	115.4	120.5	128.1	125.5	137.3	128.2	2.1%
S. America	336.5	320.4	332.9	351.5	363.4	329.7	-0.4%
W. Europe	437.0	425.0	438.2	416.1	407.6	474.9	1.7%
Former Soviet Union	335.7	381.1	419.7	447.7	452.7	454.9	6.3%
Middle East	848.0	900.7	957.4	984.0	1,001.8	1,115.1	5.6%
Others	594.3	675.4	768.5	854.6	915.8	907.5	8.8%
Total	**2,667.0**	**2,823.1**	**3,044.9**	**3,179.3**	**3,278.6**	**3,410.3**	**5.0%**

As well as crude oil, "wet" trades include refined products such as gasoline and diesel. Again, the largest consumers are the OECD countries, especially the US (China is the largest non-OECD consumer).

Overall, the growth in tanker demand seen in recent years has been driven by increases in oil consumption, import dependency and voyage hauls:

- Increasing oil consumption. Since the early 1980s, global oil consumption has enjoyed sustained growth driven primarily by demand for transportation fuels. Many of the largest consumers are established industrial economies, such as the US, Western Europe and Japan, but oil demand has increased fastest amongst newly industrialising countries, including in South and Far East Asia. China consumed less than 10% of global oil in 2006, but has much the highest growth rate.

- Increasing import dependency. Demand for oil is growing faster than supply in some major consuming regions (as can be seen in the consumption and production tables for regions such as North America, Western Europe and China).

- Increasing voyage lengths. The fastest-expanding exports as shown in the table above are from areas such as the Former Soviet Union and Middle East. By virtue of volume and distances shipped, Middle Eastern exports exert a strong influence on tanker employment and rates.

Vessel types

Oil tankers are customarily divided into crude and product carriers. Product carriers have coated tanks and transport various refined oil products. Crude oil tankers are classified according to their dwt size. While there is no standard categorisation, crude oil tankers are customarily divided into the four segments in the table below.

Table: Current crude oil tanker fleet by type

	Size	No. of Vessels		Mn dwt Capacity	
	(k dwt)	Total	% Share	Total	% Share
Panamax	55-69.9	130	7.3	8.4	2.9
Aframax	70-119.9	758	42.7	75.8	25.9
Suezmax	120-199.9	369	20.8	55.9	19.1
VLCC	200+	520	29.3	152.8	52.2
Total		**1,777**	**100.0**	**293.0**	**100.0**

Because of their economies of scale, VLCCs are typically chartered to transport crude oil, wherever cargo volumes, distances and port/canal size restrictions permit. VLCCs carry much of the crude oil exported from the Middle East and are most frequently deployed on long-haul Arabian Gulf trade routes to the Far East, to Western Europe (via the Cape of Good Hope) and to the US Gulf. VLCCs comprise the largest segment of the crude-carrying tanker fleet, constituting 52% in dwt terms. The total VLCC orderbook currently totals 174 vessels of almost 54 million dwt: this can be compared with a current fleet of 520 vessels of 153 million dwt.

Panamax crude tankers are at the smaller end of the crude oil carrying fleet and as such tend to operate more frequently on routes in the Mediterranean, Black, Caribbean and Baltic Seas. The Panamax oil tanker orderbook is currently small, registering only three vessels of 0.2 million dwt: this can be compared with a current fleet of 130 vessels of 8.4 million dwt.

Supply

The supply of tanker capacity is measured by the amount of suitable tonnage available, which depends on the aggregate tonnage of the existing fleet, newbuildings, scrappings and the number of vessels out of service for maintenance, repair, etc.

Product tankers can trade crude oil, but because charterers are extremely careful when choosing which vessel to hire (since unclean tanks from a previous cargo could reduce the value of a shipment of refined products), most ship-owners do not risk being prejudiced against by trading sporadically between clean/dirty. Thus an axiom in the shipping industry is ‘once dirty, always dirty’.

The decision to order newbuildings and scrap older vessels is influenced by many factors, including prevailing and expected charter rates, newbuilding, secondhand and scrap prices, availability of delivery dates and regulation. The current orderbook for crude oil tankers stands at 551 vessels of over 99 million dwt, which represents 32% of the current fleet size. VLCCs form the largest proportion of the orderbook in dwt terms at almost 54 million dwt, while Aframaxes lead in terms of vessel numbers at 215 vessels.

Over the last five years tanker scrapping has been supported by stricter inspection and regulatory and political pressures, which have forced the mandatory retirement of older tonnage built in the mid 1970s. Regulation concerning the transport of oil in double-hulled vessels also means a phase out of some single-hulled vessels by 2010. However, it is not possible to state the exact number of non-double hulled (non-DH) tankers that will be removed by 2010. IMO regulations allow non-DH tankers to trade past the deadline if they comply with a Condition Assessment Scheme (CAS) and obtain approval from both flag and port state administrations. Vessels meeting these requirements will be allowed to trade until 2015 or when the vessel reaches 25 years of age, whichever is the sooner.

Currently, a number of states have indicated to the IMO their intention to bar a list of non-DH tankers from their flag and ports after 2010, but this list will be subject to revision between now and 2010. There are around 441 non-DH crude oil tankers >54,999 dwt remaining in the fleet (of aggregate capacity close to 68 Mn dwt).

Table: Age Profile of Current Tanker Fleet over 54,999 dwt

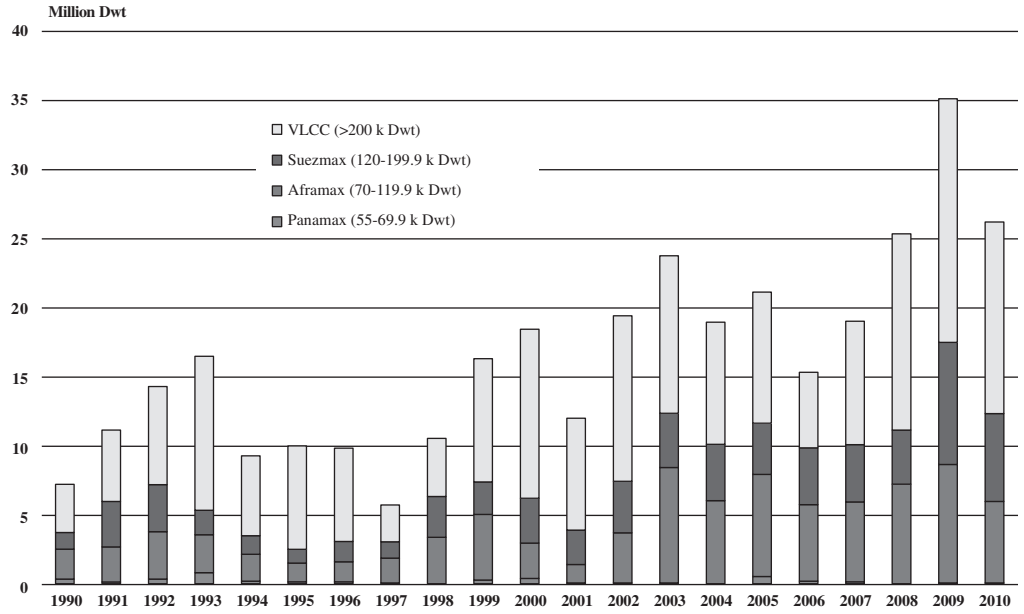
	No. of Vessels		Mn dwt Capacity	
Age Band	**Total**	**% Share**	**Total**	**% Share**
0-4 Yrs	485	27%	77.8	27%
5-9 Yrs	486	27%	89.7	31%
10-14 Yrs	252	14%	45.3	15%
15-19 Yrs	334	19%	55.0	19%
20-24 Yrs	143	8%	17.0	6%
25+Yrs	77	4%	8.2	3%
Total	**1,777**	**100.0**	**293.0**	**100.0**

Table: Breakdown by Hull Type of Current Tanker Fleet over 54,999 dwt (Mn dwt Capacity)

Age Band	Double Hull	Non-Double Hull	% Share Non-Double Hull
0-4 Yrs	77.8	0.0	0%
5-9 Yrs	89.7	0.0	0%
10-14 Yrs	36.2	9.1	20%
15-19 Yrs	18.6	36.4	66%
20-24 Yrs	1.9	15.1	89%
25+Yrs	0.8	7.3	90%

Annual delivery volumes of crude oil tankers are scheduled to exceed 35 million dwt in 2009 based on the current orderbook, as shown in the figure. Orders were a record 54.2 million dwt in 2006 on the back of a sustained strong freight market. Spot earnings deteriorated through much of 2007 and orders shrunk accordingly.

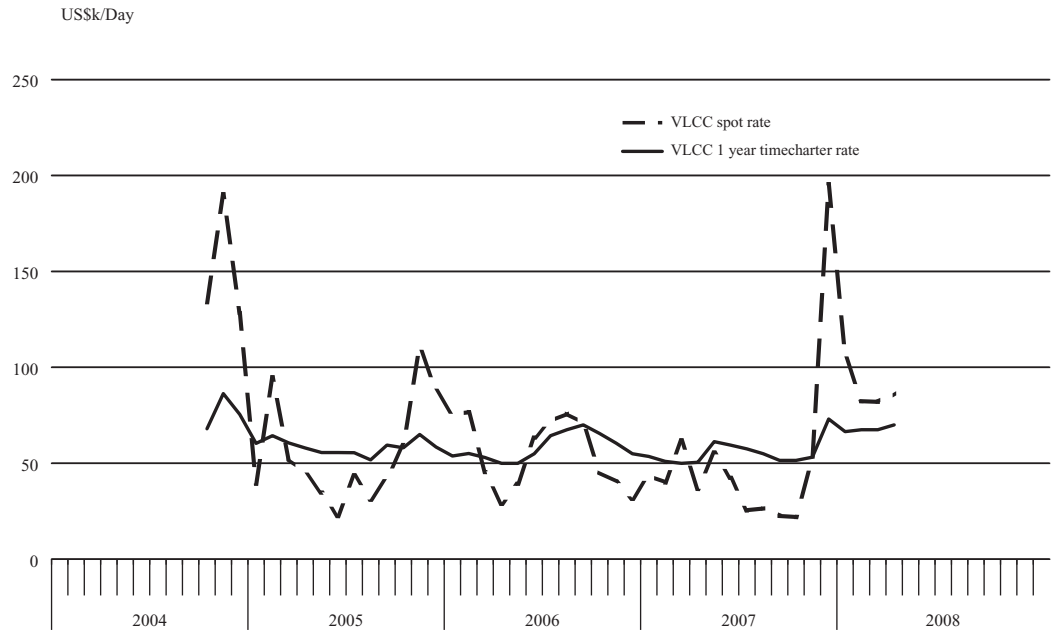
Figure: Actual and currently scheduled crude oil tanker deliveries by year and size (1990-2010)



Earnings

Tanker industry earnings are represented in the following chart, which shows VLCC spot and 1 year timecharter rates. The chart illustrates that spot rates are substantially more volatile when compared to timecharter rates.

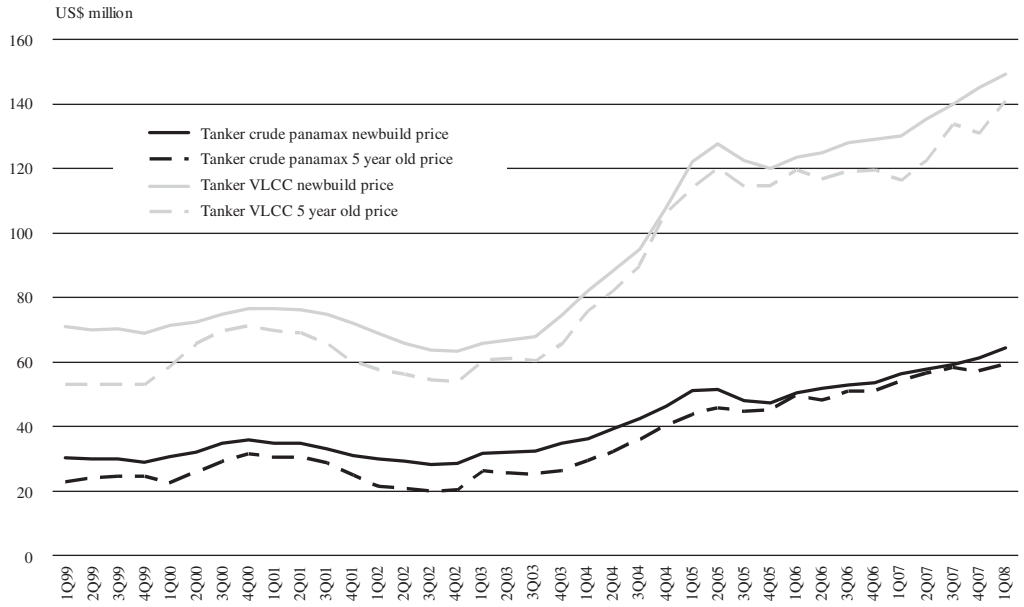
Figure: VLCC spot and 1 year timecharter rates



Vessel prices

In common with other ship types, tanker newbuild contracting prices increased in late 2003/early 2004, especially for larger vessels. Unlike bulkers, the tanker market is not so strong that prices for 5 years old vessels has overtaken newbuild levels, but the gap between the two has been significantly eroded over time.

Figure: Newbuild and 5 Year Old Prices by crude oil tanker type



REGULATORY OVERVIEW

IMO Regulations

The shipowning and shipmanagement industries are highly regulated and Our Fleet must operate within the rules, international conventions and regulations adopted by the IMO, the United Nations specialised agency charged with maritime affairs, such as:

— SOLAS Convention

— MARPOL Convention

— STCW Convention

— ISM Code

— ISPS Code

These conventions have been ratified by the majority members and three associate members of IMO, which include Hong Kong, and apply to all vessels registered in these member countries or calling in the waters of these member countries. Compliance with such regulations requires professional shipmanagers and a competent, trained crew onboard the vessel.

In addition, all of the vessels in Our Fleet must meet the safety standards set out in the SOLAS Convention, which prescribes a series of regulations that are essential for the safety of a vessel and/or its crew.

The MARPOL Convention is the main international convention covering the prevention of pollution of the marine environment by ships, from operational or accidental causes. It is a combination of two treaties adopted in 1973 and 1978 respectively and updated by amendments through the years. The MARPOL Convention includes regulations aimed at preventing and minimising pollution by vessels resulting from both accidental pollution and routine operations such as deballasting and cargo tank cleaning. All vessels in Our Fleet must comply with the MARPOL Convention.

The STCW Convention prescribes a series of regulations according to which seafarers of all ranks must be trained and certified in order to be able to carry out their respective duties onboard vessels. Our shipmanager ensures that all seafarers employed onboard the vessels in Our Fleet are trained and certified in accordance with this Convention.

In 1993, the IMO adopted the ISM Code to ensure safety at sea, prevention of injury and loss of life and avoidance of damage to the environment by providing safe practices in ship operation together with a safe working environment. The ISM Code ensures compliance with mandatory rules and regulations, together with applicable codes, guidelines and standards recommended by IMO, Flag Administrations, Classification Societies and marine industry organisations.

The ISM Code establishes safeguards against all identified risks and continuously improves safety management skills of personnel ashore and onboard ships, including preparation for emergencies related to both safety and environmental protection. All vessels in Our Fleet comply with the ISM Code.

The IMO has also adopted regulations that are designed to reduce the threat of ships being used to perpetrate international terrorism. The ISPS Code establishes codes to detect security threats and sets out preventive measures that can be adopted against security incidents affecting ships or port facilities used in international trade. The ISPS Code was adopted by the IMO and came into force on 1 July 2004. All vessels in Our Fleet comply with the ISPS Code.

Our Fleet is also subject to the laws, regulations and rules of each country and port they visit. We have developed policies and procedures intended to ensure the vessels in Our Fleet and their crews comply with these laws, regulations and rules. As at the Latest Practicable Date, in all material respects Our Fleet has never been in violation of any relevant laws, regulations or rules of any country or port that the vessels in Our Fleet have visited which would bring penalty to Our Fleet. So far as the Directors are aware, our Group has complied with all relevant laws and regulations in all material respects in all jurisdictions where it operated during the Track Record Period.

Regulatory Compliance

We have developed procedures and plans that govern various aspects of shipboard operations. These procedures are established, maintained and followed ashore as well as onboard all vessels in Our Fleet. WKS Management possesses a Document of Compliance issued by Bureau Veritas (Bureau Veritas is a classification society, which is a member of IACS and is recognised by the Hong Kong SAR Marine Department), the latest of which was issued on 7 September 2005, and is valid until 29 August 2010, certifying that it operates in accordance with the provisions of the ISM Code. All of the vessels in Our Fleet possess a Safety Management Certificate certifying the same. In order to ensure continuing compliance with the ISM Code and other international regulations, WKS Management is compulsorily audited annually by Bureau Veritas under the instructions of the Hong Kong SAR Marine Department. Before the annual audit, there is a management meeting of WKS Management to discuss the management issues in relation to compliance and to take remedial measures if necessary. Additionally, each vessel in Our Fleet is audited every two to three years. The scope of such audits is the safety management system that was established to comply with the provisions of the ISM Code. The audit may result in the issuance of non-conformities and major non-conformities. A company may fail an audit if one or more major non-conformities are issued and the company fails to rectify those non-conformities immediately. If a company fails an audit (commonly referred to as a breakdown of the safety management system), the company's Document of Compliance is withdrawn and the company is prohibited from managing those types of vessel for which the Document of Compliance has been issued. In addition, all Safety Management Certificates (the equivalent of a company's Document of Compliance) issued to ships operated by a company who's Document of Compliance has been withdrawn should be withdrawn. Similarly, the scope of an onboard audit is that the Safety Management System is implemented onboard the vessel. A vessel may also independently fail an audit in the same manner as a company. If this happens, the vessel's Safety Management Certificate is

withdrawn and the vessel is rendered unable to trade. Neither WKS Management nor any of the Group's vessels have failed such an audit during the Track Record Period. Each vessel's compliance with statutory and class regulations is also verified during the periodical surveys that are undertaken by Classification Societies.

Inspection by Classification Societies

Every seagoing merchant vessel must be 'classed' by a Classification Society. The Classification Society certifies that the vessel is 'in Class' signifying that the vessel has been built and is being maintained in accordance with the rules of the Classification Society. In addition, where surveys are required by international conventions and corresponding laws and ordinances of a flag state, the Classification Society will undertake them on application or by official order, acting on behalf of the authorities concerned.

The Classification Society may also undertake on request such other surveys that are required by regulations and requirements of the flag state. These surveys are subject to agreements made between the vessel's Classification Society and the flag state concerned.

In order for the vessel to remain classed, regular surveys of hull and machinery, including the electrical plant, safety equipment, communication equipment and any special equipment classed, are required to be performed as follows:

Annual Surveys	For seagoing ships, annual surveys are conducted for the hull and the machinery, including the electrical plant, safety equipment and, where applicable, for any special equipment which is classed, at intervals of twelve months plus or minus three months from the date of commencement of the classification period indicated on the certificate.
Intermediate Surveys	Intermediate surveys, being more extensive than annual surveys, are conducted in conjunction with the second or third annual survey.
Class Renewal Surveys	Class renewal surveys, also known as special surveys, are carried out for the ship's hull and machinery, including the electrical plant, safety equipment, communications equipment and for any special equipment which is classed, at five yearly intervals from when the vessel was first classified. At the special survey, the vessel is thoroughly examined, including taking ultrasonic gaugings to determine the thickness of the steel structures. Should the thickness of the steel be found to be less than the requirements prescribed as minimum by the Classification Society, steel renewals must be effected. If a vessel has suffered substantial wear and tear, or is an older vessel, significant sums may be required to be spent on steel renewals during a special survey.

Continuous Surveys	At an owner's application, the surveys required for class renewal may be split according to an agreed schedule to be carried out over the entire period of the class certificate. It is common for this process to be applied to the vessel's machinery, known as a continuous machinery survey, and is adopted on all the vessels in Our Fleet. All areas subject to survey as defined by the Classification Society are required to be surveyed at least once per five-year class period, unless shorter intervals between surveys are prescribed.
Docking Surveys	Vessels are also required to be drydocked within the five-year survey cycle, with a maximum of 36 months between inspections, for survey of the underwater parts and for any repairs related to inspections. An in-water survey may be permitted in lieu of a drydocking for the intermediate survey, but the vessel must carry out a drydocking in conjunction with a class renewal survey.
Conditions of Class	If any defects are found by the Classification Society surveyor during any survey of the ship, the surveyor may require an immediate repair to be carried out. If, however, the surveyor considers it safe for the vessel to continue in service without any immediate repair, the surveyor will issue a condition of class which will require the defect to be rectified by the shipowner within prescribed time limits. Any conditions of class must be repaired at the time of the class renewal survey.

Most insurance underwriters make it a condition for insurance coverage that a vessel be certified as 'in class' by a Classification Society which is a member of the IACS. All of the Company's Fleet are certified as being 'in class' by Bureau Veritas, Class NK or Lloyds Register of Shipping, all of whom are members of IACS. All vessels that we purchase must be certified and classed prior to their delivery as part of any sales contract and if they do not conform to this requirement, the Company has no obligation to take delivery of the vessel.

OUR HISTORY

The origins of our Group go back to 1952 when Mr. T.Y. Chao, the father of George Chao, our current chairman, established his shipping business in Hong Kong. Along with other independent Hong Kong shipowners, our fleet grew to meet the growing post war industrial growth in Japan. Our ships were pre-fixed on long term time charters primarily to Japanese charterers with financing secured on the back of the time charters. The use of time charters reduced the exposure to market volatility, and is a chartering methodology that the Group maintains to this day.

In the late 1960s, the group built the then new design of 60,000 dwt panamax bulkcarrier. Another landmark newbuilding for the group was the construction of the 'HITACHI VENTURE', which at the time of delivery in 1982 was one of the largest bulkcarriers ever built at 263,217 dwt, and was conceived to provide the most efficient and cost effective sea transport of iron ore for a major steel producer.

In 1973, Wah Kwong Shipping & Investment Company (HK) Limited was listed in Hong Kong. In the same year, the listed group acquired New Century Shipping & Investment Company Limited, which was also a listed company, to form what subsequently became Wah Kwong Holdings.

By the early 1980s, the Wah Kwong Holdings Group grew to a fleet size of 50 ships with an average age of around four years. The type of ships owned included bulkcarriers, tankers, car carriers and container ships. The 1980s also saw a time of world economic recession and high oil prices. In 1984 and 1985, five charterers which had chartered a significant portion of the Wah Kwong Holdings Group's fleet under long term time charters faced financial difficulty resulting in their defaulting on the time charters with the Wah Kwong Holdings Group. In 1986, the Wah Kwong Holdings Group agreed with its lending banks to restructure its debts. In the years that followed, the Wah Kwong Holdings Group consolidated its fleet and again entered into a growth phase which included the disposal of all the old vessels owned and replacing them with newbuildings. The Wah Kwong Holdings Group also expanded to engage in other business activities including property development, food processing and manufacturing. The average age of owned vessels dropped from 13 years old in 1994 to 2 years old in 1998, and the Wah Kwong Holdings Group has endeavoured to maintain a young average age of owned vessels ever since.

In 1997, Mr. T.Y. Chao retired leaving the senior management of the business to his sons Frank Chao and George Chao. Frank, who had a degree in marine engineering, took over the operations and technical department, while George managed the financial and commercial aspects.

In 1999, through the purchase of shares from an exiting corporate shareholder, CMB (through its wholly owned subsidiary, Bocimar Far East Holdings Limited) became a substantial shareholder in Wah Kwong Holdings. The introduction of CMB as the controlling shareholder brought about a board reorganisation whereby Mr. Marc Saverys was elected chairman and Mr. Ludwig Criel was appointed as managing director of Wah Kwong Holdings, both of whom are also directors of CMB. At the same time Mr. Frank Chao retired.

In 2000, Bocimar Far East Holdings Limited and George Chao made a joint voluntary general offer to acquire all the outstanding shares in Wah Kwong Holdings with a view to privatise Wah Kwong Holdings Group. The privatisation allowed the Wah Kwong Holdings Group to more closely integrate its shipping business with that of CMB to achieve lower operating costs and enhanced economies of scale. The joint voluntary general offer became unconditional as to acceptances and Wah Kwong Holdings was delisted in July of that year.

In considering that its interests were better served by holding interests directly in ships, CMB, through Bocimar Far East Holdings Limited, sold down all its shares in Wah Kwong Holdings (representing approximately 54.59% of the issued share capital of Wah Kwong Holding immediately prior to the sell down) in several separate transactions during 2000 and 2001. The shares were repurchased at a price ranging between US$0.97 to US$1.00 per share. Following the completion of these share repurchases, the Chao family once again controlled the shipping business founded by Mr. T.Y. Chao and the business relationship with CMB has continued to the benefit of both groups with CMB and its affiliates chartering a number of vessels in the Group's current fleet and participating in joint venture ownership of vessels and having representative presence on the board of Wah Kwong Holdings.

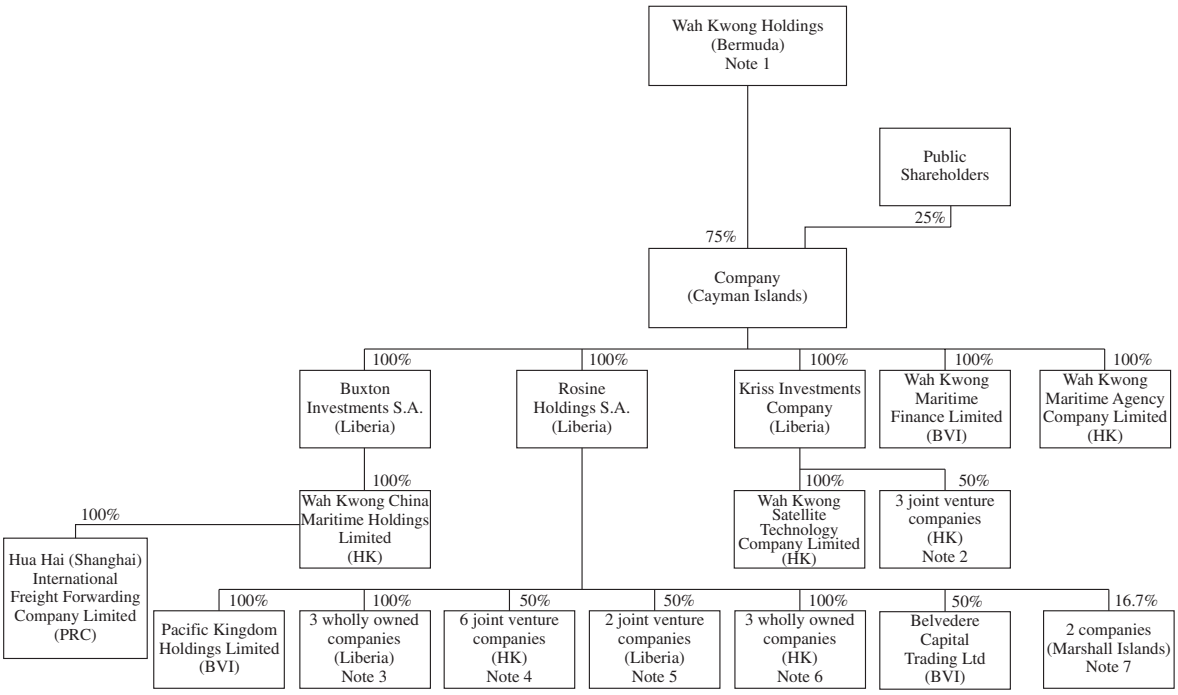
Prior to the repurchasing of CMB's shareholding, the Wah Kwong Holdings Group disposed of all of its non-shipping businesses with the exception of its PRC property portfolio and has remained one of the most prominent privately held shipowning companies in Hong Kong. Remaining true to its original values, the Wah Kwong Holdings Group has continued to order newbuildings and place them on timecharter to major charterers. The rise of China as a major shipbuilding nation has seen the Wah Kwong Holdings Group embark on an extensive programme of newbuildings at some of the major Chinese shipyards, placing it in its current position of having one of the youngest fleets in the world and being able to continue to serve its customers with modern, efficient and quality ships.

THE CORPORATE REORGANISATION

The Reorganisation was undertaken by the Wah Kwong Holdings Group to separate the business of ownership and operation of bulkcarriers and tankers in preparation for the Global Offering. Details of the Reorganisation, including a summary of the principal transactions undertaken in connection with the Reorganisation are set out in the section headed "Further Information about the Company — Reorganisation" in Appendix VII to this prospectus.

CORPORATE STRUCTURE

The chart below illustrates our corporate and shareholding structure immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised) and the relationship among the members of the Wah Kwong Maritime Group:



Notes:

1. Wah Kwong Holdings is owned as to approximately 99.82% by Fortune Eagle Investments Limited ("Fortune Eagle"), a British Virgin Islands company. The issued share capital of Fortune Eagle is held by Gain Profession Consultancy Ltd., a British Virgin Islands company on trust for the partners of The G. Chao Family Limited Partnership ("Limited Partnership"), a Guernsey limited partnership in the ratio in which they currently share their interests in the Limited Partnership. The issued share capital of Fortune Eagle is therefore an asset of the Limited Partnership. The general partner of the Limited Partnership is Gain Profession Consultancy Ltd. ("General Partner"), and the limited partner is Rustem Limited, a British Virgin Islands company ("Limited Partner"). The General Partner has a 1% interest in the Limited Partnership and 99% of the Limited Partnership is held by the Limited Partner. The Limited Partner holds its interest in the Limited Partnership on trust for Cantrust (Far East) Limited, as the trustee of The New George S. K. Chao Trust, a British Virgin Islands discretionary trust, of which Chao George Sze Kwong is both the settlor and a discretionary beneficiary and the other beneficiaries of which are members of his family.

2. The three companies are Bright Time Holdings Limited, Great Era Investment Limited and Great Hope Enterprises Limited.

3. The three companies are Bradwell Shipping Company, Mellor Marine Limited and Wah Kwong Chartering Inc..

4. The six companies are Clear Mountain Shipping Limited, Ever Progress Trading Limited, New Pacific Shipping Limited, Chainhurst Limited, Winyield Investments Limited and Regal Land International Limited.

5. The two companies are Elegance Carriers Inc. and Komati Shipping Limited.

6. The three companies are Bridgetower Limited, Wah Kwong Dockyard Limited and Wah Kwong Shanghai Development Company Limited.

7. The two companies are Cape Asia Newbuildings Limited and Cape Asia Newbuildings (II) Limited.

OUR SUBSIDIARIES AND VESSEL COMPANIES

Our wholly owned subsidiaries

Rosine Holdings S.A., Kriss Investments Company, Buxton Investments S.A., Wah Kwong Maritime Finance Limited and Wah Kwong Maritime Agency Company Limited are each wholly owned subsidiaries of the Company.

Rosine Holdings S.A. is a Liberian incorporated company and was established on 8 May 2007. Rosine Holdings S.A. is the company which holds all of the shareholding interests in each of the bulker Vessel Companies as more particularly described below.

Kriss Investments Company is a Liberian incorporated company and was established on 8 May 2007. Kriss Investments Company is the company which holds all of the shareholding interests in each of the tanker Vessel Companies as more particularly described below.

Wah Kwong Maritime Finance Limited is a company incorporated in the British Virgin Islands on 8 October 2007. Wah Kwong Maritime Finance Limited is the treasury management company of the Group.

Wah Kwong Maritime Agency Company Limited is a company incorporated in Hong Kong on 9 October 2007. Wah Kwong Maritime Agency Company Limited provides head office services to the Group in Hong Kong.

Buxton Investments S.A. is a Liberian non-resident domestic corporation and was established on 17 January 2008. Buxton Investments S.A. is the company which holds the shareholding interest in Wah Kwong China Maritime Holdings Limited. Wah Kwong China Maritime Holdings Limited is a company incorporated in Hong Kong on 14 December 2007. Wah Kwong China Maritime Holdings Limited is responsible for the development of the Group's business in Mainland China, primarily focused on the development of additional cargo interests and charterers for the Group's vessels and realising the Group's long term growth strategy in the PRC.

華海(上海)國際貨運代理有限公司 (translated into English as "Hua Hai (Shanghai) International Freight Forwarding Company Limited" for identification purpose) is a wholly-foreign owned enterprise established in the PRC on 3 April 2008 whose entire registered capital is owned by Wah Kwong China Maritime Holdings Limited. Hua Hai (Shanghai) International Freight Forwarding Company Limited is permitted to carry out, inter alia, the business as agent for the export of cargo, international exhibition items, private cargo by sea, land, air transport, including booking, storage, container, declaration of customs, insurance and consultancy on transport pursuant to its business licence.

Our Vessel Companies

There are 22 Vessel Companies forming part of the Wah Kwong Maritime Group, which hold the Company's interests in the existing 11 bulkcarriers and tankers and the 11 newbuilding bulkcarriers. Consistent with industry practice, each vessel is owned by a separate company. The Vessel Companies are incorporated in Hong Kong, Liberia, the British Virgin Islands and the Marshall Islands.

The Group's interest in each of the Vessel Companies is summarised as follows:

(a) eight Vessel Companies are wholly owned subsidiaries of the Company;

(b) twelve Vessel Companies are jointly owned with third parties; and

(c) two companies are held as to 16.7% by the Group.

For further information on each of the Vessel Companies, please refer to the sub-section headed "Our Subsidiaries and Joint Ventures" in Appendix VII to this prospectus.

OVERVIEW

We own, and jointly own through joint venture arrangements, one of the youngest fleets of modern mid to large sized bulkcarriers and tankers in the world, with an average age of around 2.3 years. Our principal sources of revenue are revenues from charterhire and the proceeds arising on disposals of vessels. The origins of the Group's shipping business can be traced back over 55 years. Our modern Fleet of vessels is focused on the bulkcarrier, crude and product tanker sectors. Our Fleet of bulkcarriers consists of ships ranging in size from approximately 53,000 to 180,000 dwt, represented by the capesize, panamax and supramax shipping sectors and are primarily engaged in the carriage of major dry bulk cargoes such as iron ore, coal and grain. Our Fleet of tankers range in size from approximately 61,000 dwt to over 300,000 dwt, and they are suited for the carriage of crude oil and some refined oil products, and are all double hull designs, to ensure greater safety and meet IMO requirements for operation beyond 2010.

At around 2.3 years, the average age of our Fleet compares favourably to the average age of 16.0 and 11.9 years for the world fleet of bulkcarriers and crude oil tankers, respectively.[1] One of our aims is to continue to acquire new vessels and to operate them while their maintenance costs are materially less when compared with the maintenance costs of older vessels. Maintaining a young fleet entails disposing of older vessels which we aim to do at opportune times, and before increasing costs associated with older vessels set in. As at the Latest Practicable Date, the Wah Kwong Maritime Group owns interests in 11 merchant ships with a total dwt of approximately 1,773,000 tonnes, comprising of four crude oil tankers and seven bulkcarriers. Of these vessels, three are wholly owned, six are held by 50:50 joint ventures with established business partners, and the remaining two represent minority held interests. In addition, the Wah Kwong Maritime Group has, on order, 11 newbuilding bulkcarriers consisting of two capesize bulkcarriers, two post-panamax bulkcarriers and seven supramax bulkcarriers, with a total deadweight of approximately 914,000 tonnes, which are scheduled to be delivered between 2009 and 2011. The combined Fleet of existing ships and newbuildings, once completed and delivered, would have an aggregate tonnage of approximately 2,687,000 dwt.

The main sources of income of the Wah Kwong Maritime Group are charterhire income and proceeds on disposal of vessels. It is the Wah Kwong Maritime Group's policy to time charter its vessels for terms of one to five years, depending on prevailing market conditions at the time and our assessment of the future outlook of the shipping market. All of the vessels in the Fleet are placed on time charters to a diversified group of internationally recognised charterers. All of the Wah Kwong Maritime Group's charterers are established operators and cargo interests, being either listed companies or amongst the largest privately owned groups in their industry sector. Our Fleet does not operate in the spot market for charters nor are they placed on bareboat charters. The Wah Kwong Maritime Group aims to arrange employment of its vessels on relatively long time charters, generally between three to five years for tankers (all of our current charters are for a period of five years) and between one to five years for bulkcarriers. It is the aim of the Wah Kwong Maritime Group to negotiate the time charters of newbuildings during their construction phase, with the objective that they will be employed immediately following delivery of the vessels by the shipyard. Further, the secured employment of a vessel also enables the Wah Kwong Maritime Group to negotiate more

1 According to MSI, March 2008.

favourable terms for the acquisition finance of the vessel. Period time charters avoid the volatility and possible idle vessel time associated with operating a vessel on the spot market. Additionally, a varied portfolio of time charter periods affords the Wah Kwong Maritime Group the opportunity to sell investments in vessels at opportune moments, which enables us to maintain a low average fleet age.

Our results can be affected materially by the number of vessels sold in a financial year and the prices at which they are sold. Depending on market conditions, we will dispose of a vessel when an opportunity arises that fits our business plans and strategies.

Most of the Wah Kwong Maritime Group's charterers are long established customers who, in several cases, are partners in the investment of the vessel. The time charters entered into permit the vessels to be used for the transport of permissible cargoes to safe ports globally. The crude and product tankers carry crude oil and refined oil products from the Middle East to Asia, Europe and the US as well as trading within the Caribbean/Atlantic Basin. The bulkcarriers of the Wah Kwong Maritime Group primarily transport iron ore and coal from South Africa, Brazil, Australia, and India to the PRC and the Asia Pacific region. The growing and developing economies of the PRC and other Asian nations have spurred the demand for raw materials and energy which the shipping sector helps supply.

For the year ended 31 March 2007, the Wah Kwong Maritime Group's Fleet transported approximately 3.3 million tonnes of dry bulk cargo and approximately 7.8 million tonnes of crude oil and refined oil. For the nine months ended 31 December 2007, these cargo quantity figures were 3.4 million tonnes and 5.3 million tonnes, respectively.

The following table sets out our revenue contribution by charterhire income and proceeds from sale of vessels and our net profit during the Track Record Period. Details of the analysis on the results of our operation are set out in the section "Financial Information" in this prospectus.

Table — Summary of combined results of the Wah Kwong Maritime Group

	Year ended 31 March			Nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	US$'000	*US$'000*	*US$'000*	*US$'000 (unaudited)*	*US$'000*
Bulkcarriers					
Charterhire	14,732	2,938	9,829	7,654	19,635
Sale of vessels	169,282	—	19,800	19,800	—
Total bulkcarrier revenue	184,014	2,938	29,629	27,454	19,635
Tankers					
Charterhire	20,367	24,512	28,562	22,357	18,807
Sale of vessels	35,800	18,142	75,445	—	36,000
Total tanker revenue	56,167	42,654	104,007	22,357	54,807
Total revenue	240,181	45,592	133,636	49,811	74,442
Profit for the year/period	99,208	12,355	32,613	20,149	23,972

The ownership and operation of vessels require both commercial management and technical management of the fleet. Commercial management is the management of acquisition, chartering and disposal of the vessels in Our Fleet. Technical management is the management of the technical operations of the vessels themselves. Our management focuses on commercial management while technical management is contracted out to WKS Management which is a subsidiary of Wah Kwong Holdings. Further details of these connected transactions are set out under the section headed "Relationship with Wah Kwong Holdings — Connected Transactions". Other than the outsourcing of technical management services to our controlling shareholder, all the Group's suppliers and customers are independent of Wah Kwong Holdings, and all other operation functions are performed in-house including the commercial operation of the vessels, accounting, and human resources.

The Wah Kwong Maritime Group's management has extensive and long standing experience and expertise in the shipping industry and are committed to the ongoing future of the Company. The Chao family founded the Wah Kwong and Company (Hong Kong) Limited in 1952. Since 1997, George Chao has led the operations and development of the Wah Kwong Holdings Group. Many of the senior staff of the Group have worked in the shipping businesses of the Wah Kwong Holdings Group for over 20 years.

OUR STRENGTHS

We believe that we have the following competitive strengths:

Young and modern Fleet maintained by an ongoing newbuilding programme

Our Fleet is modern and is one of the youngest fleets in the world with an average age of approximately 2.3 years. The young age profile is maintained by having an ongoing newbuilding programme, which involves the ordering of newbuildings and disposal of existing ships at opportune times when market circumstances provide a favourable return to the Wah Kwong Maritime Group. The Wah Kwong Maritime Group (and its origins) has over five decades of experience in the ship procurement and disposal business and has consistently proven adept at taking opportunities provided by the sale and purchase market in the course of maintaining a young fleet.

The vessels in the Wah Kwong Maritime Group's current Fleet were all acquired as new and incorporate modern technologies offered by shipbuilders when acquired. A young and modern fleet has many attractions, both from an ownership and chartering point of view. Operating costs are lower, off-hire days for repairs and maintenance are reduced and by utilising modern ship design technology and equipment, Our Fleet benefits from the latest advances in fuel efficient marine propulsion systems with optimum cargo carrying capacity.

Having a modern fleet provides much greater flexibility in trading patterns. For example, younger and more modern ships can more easily pass the rigorous hold cleanliness inspections at loading ports for certain cargoes, such as grain and agricultural products. Consequently, modern vessels are more attractive to charterers that transport such cargo and better enable the Wah Kwong Maritime Group to secure timecharter business.

Furthermore, there are limitations placed on older ships trading to certain major destinations such as Japan where a maximum age of 15 years is generally applicable for the operation of a merchant ship in Japanese ports. There is, therefore, a preference for young and modern ships, particularly when charterers are looking to take ships on longer period charters.

Additionally, in periods of high bunker prices, the difference in fuel consumption of a modern ship over an older vessel, which can be around ten tonnes per day, makes a significant impact on a charterer's margins on any given voyage as the charterer is responsible for the bunker fuel of the vessel. The fuel efficiency which the Wah Kwong Maritime Group's ships enjoy through their use of modern engines, hull designs and coatings systems adds to the attractiveness of Our Fleet to potential charterers.

A further advantage of a young fleet is that repair and maintenance costs are lower and the need to replace major parts and components of the ship is generally materially less, minimising periods that vessels may be off hire and the cost of repairs. Another consideration is that vessels are required to undergo general and special surveys to determine the seaworthiness and safety of the ship for the purpose of retaining their classification awarded by internationally recognised classification societies. Bulkcarriers are normally drydocked every 36 months for statutory classification and repair work, with a more extensive survey, known as the special survey, undertaken every five years. During the period that the vessel is undergoing these surveys, it is off-hire and not earning revenue. Older ships require more extensive surveys and drydockings, entailing a longer time off-hire and higher repair bills. Further details of the classification societies and the survey procedures and requirements are set out in the sub-section headed "Inspection by Classification Societies" under the section headed "Regulatory Overview" in this prospectus.

Focused fleet of bulkcarriers and tankers

The types of ships on which the Wah Kwong Maritime Group focuses are mid to large size bulkcarriers and tankers. These ships are well suited for the carriage of raw materials such as iron ore, coal, grain and crude oil which is most economically performed when transported in large volumes by sea. The Wah Kwong Maritime Group's focus on ships suitable for the long haul transportation of large volumes of raw materials differentiates the Wah Kwong Maritime Group from companies in the container trades, where cargoes are generally of higher value and are packaged or unitised, or the handysize bulkcarrier trades, where cargoes are required in lower volumes and travel different, usually shorter, trading routes. The combination of having both modern bulkcarriers and tankers in Our Fleet (together with the Wah Kwong Maritime Group's approach to chartering the Fleet) allows the Wah Kwong Maritime Group to benefit from improvements in market conditions in two of the major sectors of shipping.

Long standing relationships with charterers, shipyards and shipping related organisations in Asia

The management has long standing and close relationships with major shipyards and charterers, which is one of the key strengths of the Group. Having built a strong reputation with shipyards and trading houses in all the major shipbuilding centres of Japan, Korea and China, the Group is well

placed to benefit from special situations which arise with shipyards. An example of this is the situation which arose with respect to the newbuilding contract for the VLCC 'ARDENNE VENTURE'. Following an unscheduled opening of shipbuilding capacity, the Group was approached by the shipyard with an opportunity to secure an early delivery of a new ship. With respect to the Wah Kwong Maritime Group's charterers, the Wah Kwong Maritime Group's relationships with its charterers are not limited to just providing high quality vessels to operators and industrial end users. Several of the Wah Kwong Maritime Group's long-standing charterers are also its joint venture partners in the ownership of ships as more particularly described in the section headed "Investment in Joint Ventures" in this prospectus (although for the purpose of the Hong Kong Listing Rules, these charterers are not considered connected persons of the Wah Kwong Maritime Group). This flexibility in providing innovative ownership and chartering structures is well established.

The Group has close relationships and involvement with commercial, regulatory and political bodies in the shipping industry. The Group's Chairman, George Chao, is a former chairman of the Hong Kong Shipowners Association and in addition to a lifetime spent in the shipping industry, was appointed by the Government of the People's Republic of China to negotiate the protocols of Hong Kong and Taiwanese ships entering each territory's respective ports in advance of the establishment of the Hong Kong SAR in 1997. These were successfully negotiated and the minutes of the agreement were fully endorsed by the Association for Relations Across the Taiwan Straits of the PRC. In November 2007, George Chao's achievements and contributions over four decades were recognised by the shipping industry with the receipt of the Lloyds List Asia Lifetime Achievement Award.

Stable cash flow and strong balance sheet for growth

We have a stable cash flow through our long term time charters and a strong balance sheet for growth. As at 31 December 2007, the Wah Kwong Maritime Group had outstanding bank borrowings of approximately US$149.05 million, representing an adjusted debt to equity ratio of 1.15 times (defined as total bank borrowings divided by the sum of total equity and US$71.63 million, which is the amount of our inter-company debt that will be capitalised immediately prior to Listing), and a gearing ratio of 68.1% (the US$71.63 million represents shareholder loans used to finance our prior purchase of newbuildings, and will be capitalised immediately prior to Listing by issuance of the Company's shares in return for the assignment of US$71.63 million worth of those loans to the Group. The advances are therefore excluded from liability and added to equity in calculating the adjusted debt to equity ratio of the Group). The low gearing of the Wah Kwong Maritime Group provides a strong balance sheet and attractive credit profile for the Wah Kwong Maritime Group to borrow funds and provide bank guarantees for stage payments on orders of newbuildings when required. Further, a listing status will provide us another platform to raise funds to further consolidate or acquire assets in the fragmented dry bulk industry should the opportunity arise.

Depth of management experience and established operating systems with a track record spanning over half a century

The origins of the Group's shipping business trace back over 55 years. During that time the shipping business was listed and operated on the Hong Kong Stock Exchange for 25 years as part of a more diversified group. Our senior management has considerable experience in shipping operations. Most of the staff have worked in the Wah Kwong Holdings Group for many years, providing a long record of service in the safe, reliable and profitable operation of our ships and continue to maintain the Group's position as a company with a global presence and reputation in the shipping industry.

The Group's senior management team includes Mr. Tim Huxley, a former vice chairman of the Hong Kong Shipowners Association, who has over 25 years commercial experience in the shipping industry, including 11 years as managing director of a Hong Kong based shipbroking company.

OUR STRATEGIES

Our strategies are:

Maintaining a low average age of Our Fleet

The average age of the Wah Kwong Maritime Group's operating Fleet of ships is approximately 2.3 years. Ships are the key investments of the Wah Kwong Maritime Group. During the working life of the ships, the Wah Kwong Maritime Group endeavours to keep them in a good state of maintenance and repair to maintain the ships' value, and dispose of them as close as possible to the peak of their value cycle. The successful operation of each ship is dependent not only on the charter income it generates, but also on the recovery value achieved upon its disposal. The Wah Kwong Maritime Group believes that disposal of ships relatively early in their operating life combined with an ongoing newbuilding programme, if market conditions are favourable, reduces resale risk and ensures that the Wah Kwong Maritime Group maintains a modern fleet of ships.

Maintaining a focused fleet of vessels targeting PRC and Asian opportunities

We intend to maintain and grow a modern fleet of bulkcarriers and tankers with the expansion of Our Fleet driven by demand from our established customers and the growing regional demand for the supply of raw materials by sea. We have ordered 11 newbuilding bulkcarriers at established PRC state-owned shipyards, which are scheduled for delivery from 2009 to 2011 to help us participate in meeting this demand. Since the origins of the Group's business in 1952, through the careful selection of shipyards, there have not been significant delays in the delivery of newbuildings from our selected shipbuilders. We expect our 11 newbuildings to be delivered on time enabling us to take advantage of the growth in the dry bulk cargo market.

Much of our current Fleet are employed on charters transporting cargoes to the PRC to supply the country's growing consumption of energy and raw materials driven by its economic growth. The Group maintains its belief that the Asian economies, in particular the PRC, will continue to be prime drivers of global raw material and energy demand, and will continue to grow due to sustained demand

and limited availability of locally sourced commodities. This will provide expansion opportunities for shipowning companies, including the Group, as an Asian based supplier of maritime transport services. We also intend to strengthen our relationships with the major suppliers of raw materials to the PRC and Asian markets, who are increasingly becoming major charterers in their own right.

The Directors believe the continued growth of demand for raw materials in the Asia Pacific region, and PRC in particular, will not only provide continued opportunities with our existing customers, but also see the emergence of new cargo interests offering further opportunities for the Group to participate in the region's growth. The Group will actively pursue opportunities to continue to provide both its existing customers, and other companies participating in the region's raw materials supply chain, with a well established, well supported shipowning company based in Asia which can meet their requirements with a long term commitment and innovative approach to shipping. The Group plans to enhance its presence in PRC through initial expansion in Shanghai. This may involve a programme of recruitment of experienced PRC shipping professionals who will work in conjunction with the Group's Hong Kong based management to enhance the Group's existing relationships with cargo interests in PRC. An office is currently being established in Shanghai and there are currently 11 employees of the Group in PRC. The principle aim is to secure new chartering customers and form new shipowning entities in partnership with established PRC customers with the intention of providing continued long term employment for the Group's vessels.

By February 2011, the Wah Kwong Maritime Group expects to take delivery of 11 newbuilding bulkcarriers from shipyards in PRC, comprising two capesize, two post-panamax bulkcarriers and seven supramax bulkcarriers. These committed newbuilding orders will provide growth to Our Fleet of 100% by vessel numbers and 52% in terms of deadweight tonnage, enhancing our earnings capability and the size of Our Fleet.

Acquisition supported by appropriate financing and time charter

We view the expansion by acquisition of ships as an investment decision. Vessels are the core to our revenue model in terms of charter income and proceeds from sale of vessels. Each vessel is evaluated taking into consideration the economics of the investment including the relative price and charter rates compared to historic and expected future values, and the financing cost of the investment against the expected time charter income of the vessel. We operate using time charters instead of the more volatile spot market which allows us to keep a tighter control on repayment risks, secure competitive financing, and avoid exposure to fluctuations in bunker prices. Operating the vessels in Our Fleet on the spot market would allow the Wah Kwong Maritime Group to experience short term peaks in rates, but would also expose the Wah Kwong Maritime Group to downturns, idle time and if fixed on voyage charters, exposure to bunker price volatility. The nature of the Wah Kwong Maritime Group's time charter business allows a more secure and stable income stream through volatile market cycles.

Our chartering strategy for our two core operating sectors, tankers and bulkcarriers, varies given the nature of these markets. The longer term period of the tanker charters provide stability to the revenue of the Wah Kwong Maritime Group, while the profit sharing terms incorporated into two of the time charters for the Wah Kwong Maritime Group's VLCCs allow participation in any upside in tanker earnings. The shorter term nature of the bulkcarrier charters allows the Wah Kwong Maritime

Group to renew or sign new charters to take advantage of rising charter rates. A number of the Wah Kwong Maritime Group's bulkcarrier charters are due to expire in 2008, which will provide an opportunity to sign new charter agreements at current rates which are comparatively higher than the existing rates. In respect of the two financial years ending 31 March 2009 and 2010, a number of the Wah Kwong Maritime Group's time charters will expire, with the result that the Wah Kwong Maritime Group's fleet will have approximately 6% and 50% free revenue days, respectively (days when our ships are currently not fixed for employment). The Wah Kwong Maritime Group will therefore have greater opportunity to charter out the relevant vessels at the appropriate time and will seek to recharter the vessels in Our Fleet opportunistically during strong markets to add increased cash flow and improve average charter rates. The average current time charter rates of the Wah Kwong Maritime Group's fleet of capesize, panamax and supramax bulkcarriers are US$25,150, US$42,800 and US$33,250 per day, respectively. In 2007, the five year time charter rates for capesize, panamax, and supramax bulkcarriers increased approximately 82%, 93% and 75%, respectively, from 2006 levels[2].

Selecting high quality charterers

Medium and long term charters offer a predictable and stable revenue stream. However, when entering into such long term contracts, we consider that the credibility and financial standing of the charterer is of paramount importance. Our charterers represent some of the most established and respected companies in the maritime and global supply chain industries. An additional benefit to having strong chartering counterparties and customers is that it allows us to secure more attractive long term financing as this is one factor considered by lending banks in providing financing. Maintaining our existing customer base and expanding further through operating a modern fleet which is attractive to charterers are key strategies of the Wah Kwong Maritime Group in the coming years.

Enhancing our service to existing customers and broadening our customer base

We believe that the Wah Kwong Maritime Group's core customer base has been maintained over many years through our ability to offer charterers innovative shipping solutions which at times goes beyond a normal shipowner/charterer relationship. In building a new vessel, we take into consideration any specific needs of our charters. In some circumstances where appropriate, we offer partnership opportunities with charterers in the ownership of a vessel. Such innovative solutions can be traced back throughout the Wah Kwong Maritime Group's historical origins, including (i) the construction of the very large ore carrier 'HITACHI VENTURE', specifically designed to meet a charterer's long term requirements; and (ii) the more recent ownership structure and profit sharing arrangements on two of the Wah Kwong Maritime Group's VLCCs, whereby the charterer shares in the upside potential of the ship's value through joint ownership of the vessel, and the Wah Kwong Maritime Group can benefit from any upside in shipping spot market rates through a profit sharing element integrated into the time charter agreement, whilst simultaneously having a secure base charter rate. Furthermore, our customer base is expected to be broadened by a growing Fleet with more new vessels added in and also with the Group's expansion plan in China. The Group may secure and develop new chartering customers.

2 According to MSI, March 2008.

OUR BUSINESS OPERATIONS

Through the operation of Our Fleet of bulkcarriers and tankers, we provide raw materials transport services to charterers and industrial users around the world. The cost efficient delivery by sea of raw materials to their destination, whether it be crude oil to a refinery or iron ore and coal to a steel mill or power station, affects the value of the commodity and is a vital component of the world economy.

Shipping services

Time charter

All the vessels in Our Fleet are engaged on time charters. A time charter is a contract under which a shipowner hires out a ship for a specific period of time, during which the shipowner is responsible for providing the crew and paying the operating costs of the vessel while the charterer is responsible for paying the charterhire rate and the voyage costs, including bunker costs. The shipowner is paid the agreed charterhire rate on a per day basis with payment normally settled every 15 or 30 days in advance for the fixed portion of the charterhire rate. The variable portion of certain charterhire rates like the profit sharing provisions in the charter for our two tankers, 'ARDENNE VENTURE' and 'STARLIGHT VENTURE' are paid in arrears after the determination of such fees in accordance with the terms of the charter. Under a time charter, the shipowner is exposed to risks associated with the operation of the ship and the performance of the charter contract by the charterer, while the charterer may face risks in relation to the port, the consignors, loading and discharge delays, fluctuations in the short-term shipping market and volatility in bunker prices.

The design and specifications of the Wah Kwong Maritime Group's bulkcarriers and tankers are suited for the carriage of major dry bulk and oil cargoes respectively. Major dry bulk cargoes include iron ore, coal and grain. The transport of raw materials such as these requires economies of scale which only transportation by sea in large volumes can provide.

Cargoes classified as 'minor bulk' are not normally shipped in such large quantities as to require panamax size or larger vessels. Minor bulk cargoes include logs, finished steel products, cement, mineral sands and other lower volume cargoes. These types of cargoes are generally shipped in handysize bulkcarriers. Handysize bulkcarriers are approximately half the size of a panamax vessel and one fifth of the size of a capesize vessel and generally operate on different trade routes, involving smaller ports which are unsuitable for larger vessels. The relatively new sector of supramax vessels, being bulkcarriers of between 50,000-59,000 dwt, serves to bridge the gap between panamax and handysize/handymax vessels. These vessels, which are usually fitted with cargo cranes, are used to transport larger quantities of minor bulks as well as coal, grain and occasionally iron ore, particularly to and from ports where vessels are required to have their own loading and discharging gear.

Usually, we aim to enter into charter arrangements soon after ordering the building of a new vessel or during the time of construction but always before delivery of the vessel. We generally seek to obtain charters of three to five years for a tanker (currently all of our tankers are chartered for five years) and one to five years for a bulkcarrier. The determination of the length of charters takes into account our views on the freight market in the short and medium term, as well as management of the

time charter portfolio of the Wah Kwong Maritime Group's Fleet as a whole. In general, the end of the time charter periods are staggered to avoid a disproportionate number of vessels coming off charter at the same time, and allow opportunities for some vessels to be sold or time chartered out further on market terms prevailing at the time. Although the length of our bulkcarrier time charters may vary, we are much less flexible in our approach of time chartering only to substantial and established charterers. During the Track Record Period, aside from a short period off hire for routine maintenance, we have been able to secure time charter employment for all Our Fleet. Please refer to Our Fleet's utilisation rate in the table on page 97.

The Wah Kwong Maritime Group exercises flexibility in its chartering arrangements if it is in the interests of the Wah Kwong Maritime Group. For example, two of our three VLCC vessels have been chartered to customers on timecharters with profit sharing provisions. The excess or profit sharing portion is calculated on the basis of the earnings of a comparable vessel trading in the Tankers International LLC pool over the same period. This excess over the floor rate is then divided in an agreed ratio between the Group and the charterer.

In determining whether a charter is fixed at a fixed rate or with profit sharing provisions, a number of factors are evaluated as part of the Group's commercial assessment of a transaction. Profit sharing provisions have been more common in the tanker industry and given the volatility of the tanker market, the Group has considered it advantageous to secure these provisions as they offer a share in the upside potential of the market whilst providing the secure, recurrent income stream which the Group requires. In negotiating a profit sharing provision, the fixed rate will usually be slightly lower than that of the flat rate for a non-profit sharing charter rate. The Group evaluates whether the slightly discounted base rate still meets its return on investment considerations, excluding the profit sharing. If these considerations are met, the profit sharing provision may be sought. Not all potential charterers are willing to fix charters with profit sharing, hence another criteria is the availability of charterers who are willing to fix on this basis. Market conditions dictate what terms can be obtained at any particular time and it is always the Group's aim to fix at the best possible commercial terms and with charterers who meet the Group's criteria.

The average current charter rate of the Wah Kwong Maritime Group's fleet of capesize, panamax and supramax bulkcarriers is US$25,150, US$42,800 and US$33,250 per day, respectively. In 2007, the five year time charter rates for capesize, panamax, and supramax bulkcarriers increased approximately 82%, 93% and 75%, respectively, from 2006 levels[2].

Our quality customers

The charterers of the Wah Kwong Maritime Group include shipping and commodity groups listed on internationally recognised stock exchanges and some of the largest shipping companies in the world. In many instances, the Wah Kwong Maritime Group will enter into a joint venture with such quality charterers to order a newbuilding, which helps ensure stability of the charter and that the interests of the charterer and the Wah Kwong Maritime Group are aligned.

2 According to MSI, March 2008.

The Wah Kwong Maritime Group's practice of maintaining a customer base based around a portfolio of timecharters to major charterers allows the Wah Kwong Maritime Group to secure competitive financing terms from its financiers as well as providing stability of earnings. The Wah Kwong Maritime Group's charterers are either raw materials suppliers themselves, or charterers who have a substantial base of cargo requiring transportation on behalf of raw material consumers such as oil companies, steel mills or power stations. In all cases, our charterers are well known to the Wah Kwong Maritime Group.

The vessels in Our Fleet operate world wide, but are increasingly focused on trading to the Asia Pacific region where economic growth is expanding in the PRC and elsewhere, and in particular in the steel industry. The economic growth and development of the PRC has given rise to increased levels of consumption of raw materials and fossil fuels in the region.

Table — Summary of the Group's time charters

Vessel	Type	Time charter length and expiry date *(Note 1)*	Charterer	Route *(note 2)*	Typical Cargo *(note 2)*
Tankers					
VENTURE SPIRIT	VLCC tanker	5 years Jul 2009 *(Note 3)*	Teekay Chartering Ltd.	Middle East and West Africa to US and Europe	Crude oil
ARDENNE VENTURE	VLCC tanker	5 years Oct 2009	Euronav NV	Middle East to Asia/US Gulf/Europe	Crude oil
STARLIGHT VENTURE	VLCC tanker	5 years Dec 2009	The Sanko Steamship Company Limited	Middle East to Japan	Crude oil
MOONLIGHT VENTURE	Panamax crude tanker	5 years Jan 2011 *(Note 4)*	The Sanko Steamship Company Limited	Caribbean and US Gulf to US and Europe	Crude oil
Bulkcarriers					
SHANGHAI VENTURE	Geared supramax bulkcarrier	12 months Jun 2008	Western Bulk ASA	US west coast to Far East and the PRC	Agricultural products, coal and minerals
GOLDEN VENTURE *(Note 5)*	Geared supramax bulkcarrier	12 months Aug 2008	Western Bulk ASA	US west coast to Africa	Agricultural products, coal and minerals
				South Africa to West Africa	Agricultural products, coal and minerals
CEMTEX VENTURE	Panamax bulkcarrier	12 months Oct 2008	Glencore International AG	PRC to Europe	Grain, coal and iron ore
PRISCILLA VENTURE	Panamax bulkcarrier	12 months Mar 2009	Golden Ocean Group Limited	NA	Grain, coal and iron ore
CAPE SHANGHAI	Capesize bulkcarrier	36 months Mar 2010	Cargill International SA	Brazil and Australia to PRC	Iron ore and coal
				South Africa to Europe	Iron ore and coal

Vessel	Type	Time charter length and expiry date *(Note 1)*	Charterer	Route *(note 2)*	Typical Cargo *(note 2)*
MINERAL CAPEASIA	Capesize bulkcarrier	5 years Dec 2010	Bocimar Belgium NV	Brazil and Australia to PRC	Iron ore and coal
CHINA VENTURE	Capesize bulkcarrier	50-54 months Jun 2011	Bocimar Belgium NV	Australia and Brazil to PRC and Europe	Iron ore and coal
				South Africa to Europe	Iron ore and coal
ordered newbuildings with charter					
SWS H-1149	Capesize bulkcarrier	5 years Nov 2015	The Sanko Steamship Company Limited	NA	NA
DSIC BC 1800-28	Capesize bulkcarrier	5 years Nov 2015	Noble Chartering Limited	NA	NA
WBC 93-01	Post-panamax bulkcarrier	5 years Dec 2015	Bocimar International NV *(Note 6)*	NA	NA
WBC 93-02	Post-panamax bulkcarrier	5 years Feb 2016	Bocimar International NV *(Note 6)*	NA	NA

Notes:

1. Under the terms of a time charter agreement, there is typically a range of time within which a vessel may be redelivered to us by the charterer. We have indicated the date when the charterer is most likely to redeliver the vessel to us.

2. Charterers under time charter have control over the destination and cargo of the vessel. The destination and cargo may vary over the course of the time charter. The indicated destination and cargo are for reference only and are merely indicative of the general shipping activities of the charterer.

3. Under the terms of the time charter agreement for 'VENTURE SPIRIT', the charterer has the option to extend the term until July 2012.

4. Under the terms of the time charter agreement for 'MOONLIGHT VENTURE', the charterer has the option to extend the term until January 2013.

5. We have entered into an agreement in principle to sell 'GOLDEN VENTURE' to an unrelated third party. Completion of the sale is not expected to occur until September 2008. For further details, please refer to "Summary — Subsequent Events" and "Financial Information — Subsequent Events" in this prospectus.

6. On 26 April 2008 the terms on which this vessel will be chartered to Bocimar International NV or a nominee guaranteed by it were agreed. The formal time charter party is not yet executed.

The percentage of our charterhire income attributable to our top five customers for the three years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2007 was approximately 91%, 100%, 98% and 95%, respectively. Our largest customer for each year varies. Revenue from our largest customer of the three years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2007 accounted for approximately 28%, 36%, 28% and 34%,

respectively, of our total charterhire income for such periods. None of our Directors or any of their respective associates, nor any shareholder who, to the knowledge of our Directors, owns more than 5% of our Shares, had any interest in any of our five largest customers, for each of the three years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2007.

Maintenance and drydocking

The charterer does not pay charter hire when the vessel is unavailable for their use during the charter period. The time charter rate is a daily rate which is normally paid every 15 or 30 days in advance. Days when the vessel is off-hire are not charged to the charterer but are added to the tenure of the agreement. Situations in which a vessel may be off-hire are generally for maintenance, repair or drydocking.

The scheduled drydocking of a vessel normally takes place either every 36 months or at five-year intervals. A vessel can only operate a five year docking cycle if it has a long-life anti-fouling paint system installed, which reduces the build up of marine growth on the submerged section of the vessel's hull, which generally has a significant negative effect on the performance of the vessel in terms of speed and consumption. In the event of drydocking taking place at five year intervals, a survey of the underwater parts of the vessel will be required using divers after 36 months. Such paint systems have been applied to the Wah Kwong Maritime Group's tankers in view of the extensive preparations required prior to a tanker entering drydock, which include cleaning of cargo tanks and ensuring all ship spaces are gas free. The Wah Kwong Maritime Group's bulkcarriers operate on a 36-month docking cycle, as the preparations required for drydocking of bulkcarriers are much less extensive. Furthermore, given the trading pattern of bulkcarriers, route deviations to the place of drydocking are usually of less distance than for tankers. Although the Wah Kwong Maritime Group's bulkcarriers are all built with a 36-month modern anti-fouling paint system, the management believes that the difference in cost between a 36-month and a five-year coating system is not justified on the basis of bulkcarriers having a simplified pre-docking procedure compared to tankers. However, due to the young age of Our Fleet, off-hire days incurred on account of drydocking are minimal.

The Wah Kwong Maritime Group is responsible for providing and maintaining a functioning vessel which is fit for operation by the charterer. The Wah Kwong Maritime Group's responsibility for maintenance and repair ensures we have control that these procedures are strictly followed, which may affect the long-term value of the vessel.

Bunker fuel is a significant component of a ship's operating cost and may vary in conjunction with world oil prices. The exclusion of bunker costs from the time charter arrangements for the Wah Kwong Maritime Group's vessels eliminates its risk exposure to fluctuation in bunker fuel prices.

Table — Summary of the Group's time charter income and the Wah Kwong Maritime Group's fleet utilisation rate

	For the year ended 31 March			For the nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
Number of bulkcarriers/tankers					
As at the beginning of the year/period	6/1	—/3	2/4	2/4	4/4
Less: Disposal of vessels	9/1	—/1	1/2	1/—	—/1
Add: Delivery of vessels	3/3	2/2	3/2	2/—	2/1
As at the end of the year/period	—/3	2/4	4/4	3/4	6/4
Charterhire income (US$'000)					
Bulkcarriers	14,732	2,938	9,829	7,654	19,635
Tankers	20,367	24,512	28,562	22,357	18,807
Total charterhire income	35,099	27,450	38,391	30,011	38,442
Bulkcarrier fleet utilisation					
Total number of operating days available	1,360.74	148.77	652.80	472.80	950.21
Total number of off-hire days					
- due to maintenance and repair	—	—	—	—	24.22
- other	—	—	—	—	—
Utilisation rate	**100%**	**100%**	**100%**	**100%**	**97.45%**
Tanker fleet utilisation					
Total number of operating days available	712.17	1,161.80	1,459.70	1,110.00	1,110.00
Total number of off-hire days					
- due to maintenance and repair	—	0.42	10.76	10.76	0.30
- other	—	—	—	—	—
Utilisation rate	**100%**	**99.96%**	**99.26%**	**99.02%**	**99.97%**
Outstanding orders of bulkcarriers/tankers as at the end of the year/period	7/5	5/3	2/1	3/3	4/—

Note: The information in this table excludes the two vessels held by Vessel Companies in which we hold minority interests (if applicable).

Our suppliers

The principal suppliers of our shipping services business include lubricating oil providers, insurance brokerage, our technical management provider and repair and maintenance service and parts providers. Fees payable to our suppliers are usually agreed upon by contract parties after negotiation, taking into account factors such as the market rate, the reputation of suppliers, the quality of lubricating oil and the repair and maintenance services. Payments to the lubricating oil providers, repair and maintenance providers and insurance brokerage firms are usually made within 60 days after we receive invoices from them. The percentage of our cost of operation in relation to charterhire attributable to our top five suppliers for the three years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2007 was approximately 26%, 33%, 27% and 24%, respectively. Purchases from our largest supplier accounted for approximately 11%, 13%, 10% and 10% of our total cost of operation in relation to charterhire for the years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2007, respectively. Currently, our technical management and shipbuilding supervision are provided by WKS Management, on an arm's length basis. The provision of the technical management and shipbuilding supervision services by WKS Management to us constitutes continuing connected transactions under the Hong Kong Listing Rules. The details of such continuing connected transactions are disclosed in the sub-section headed "Relationship with Wah Kwong Holdings — Connected Transactions" in this prospectus. Save for our technical management and shipbuilding supervision arrangements, none of our Directors or any of their respective associates, nor any shareholder who, to the knowledge of our Directors, owns more than 5% of our Shares, had any interest in any of our five largest suppliers for each of the three years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2007.

Our Fleet

The Wah Kwong Maritime Group has interests in 11 existing vessels with an ongoing newbuilding programme which has resulted in a net increase of three ships to the fleet over the Track Record Period and an additional 11 newbuildings currently on order. The newbuilding programme is in place to maintain a lower average age of the Fleet and position the Wah Kwong Maritime Group for sustained growth.

Although the Wah Kwong Maritime Group's Fleet consists of mid to large sized bulkcarriers and tankers, an important consideration when ordering newbuildings is the specific needs of our customers. Acquisitions and disposals are made after due consideration of a wide range of factors. In addition to the specific needs of our customers the factors include market sentiment, the availability of newbuilding opportunities at what the Directors consider to be competitive prices and timely deliveries, an analysis of the earnings prospects of the vessels when timecharters are concluded and future resale value. Furthermore, the need to keep a balanced fleet in terms of age and size is also considered. A disposal of one of the Wah Kwong Maritime Group's vessels may not necessarily be simultaneous with ordering a new ship. Factors included in the decision to dispose of a vessel include the market price available, future earnings prospects for the vessel and whether the sale of the vessel

versus retention for continued trade is in the best interests of the current and future financial position of the Wah Kwong Maritime Group. Other factors which are relevant in the analysis of whether to dispose of a vessel include future maintenance costs, particularly any impending scheduled drydocking. During the four years ended 31 March 2008, we disposed of ten, one, three and one vessels, and took delivery of six, four, five, and four vessels, respectively. In the current financial year, we expect to take delivery of one vessel in January 2009 and have agreed to dispose of one vessel in September 2008.

Bulkcarriers

The worldwide fleet of bulkcarriers is aging. Approximately 41% of all bulkcarriers over 10,000 dwt are 20 years old or over.[3] The Wah Kwong Maritime Group's bulkcarriers have an average age of about 1.5 years, representing one of the youngest bulkcarrier Fleets currently available. Currently, the Group wholly or partly owns three capesize bulkcarriers, two panamax bulkcarriers and two supramax bulkcarriers, and has ordered 11 newbuildings comprising of two capesize, two post-panamax and seven supramax bulkcarriers. To take advantage of their relatively smaller size, which allows the supramax ships to use a wider range of ports, the Wah Kwong Maritime Group's supramax bulkcarriers are equipped with loading gear (consisting of multiple cranes with grabs) to facilitate the loading and discharging of bulk cargo from their cargo holds.

Tankers

The worldwide tanker fleet will soon be undergoing an update as mandated by the IMO. Single hulled tankers are believed to represent a high risk of oil spill accidents. Thus the carriage of crude oil in single hull tankers of over 20,000 dwt will, with certain limited exceptions, not be permitted by year 2010 and double hulled tankers will be required. It is estimated that the number of single hull VLCC tankers currently in operation is about 170 out of a worldwide fleet of over 450 vessels[3]. All the Wah Kwong Maritime Group's tankers are modern double hulled tankers with an average age of 3.6 years. As at the Latest Practicable Date, the Group wholly or partly owned three VLCCs and one panamax crude tanker. The long-term charters of two of our four tankers are due to end in 2009, positioning us to take advantage of any increase in charter rates and resale price appreciation due to the phasing out of older single hulled tankers and the expected increased utilisation of the world tanker fleet.

Newbuildings

All the vessels of Wah Kwong Maritime Group's current Fleet were acquired as new. Historically, the Wah Kwong Maritime Group has ordered newbuildings at shipyards in Japan, Korea and the PRC. Prior to 2000, the majority of the Wah Kwong Maritime Group's ships were built in Japan based on the Group's long-term relationships with Japanese shipyards and finance providers. Although we maintain our relationships with the Japanese shipbuilding industry and continue to order vessels at Japanese shipyards, in more recent years we have engaged more Chinese shipyards to build bulkcarriers. We engage state owned shipyards in the PRC with an established track record of building

3 Source: According to MSI, March 2008.

and delivering quality vessels which meet the technical standards set by the Wah Kwong Maritime Group. Currently, the Wah Kwong Maritime Group has ordered 11 newbuildings consisting of two capesize bulkcarriers, two post-panamax bulkcarriers and seven supramax bulkcarriers, all scheduled to be delivered between 2009 and 2011. Seven of these newbuildings are being built at one shipyard in Chengxi, PRC. Throughout the construction phase, the Group monitors progress and there is currently no evidence to suggest that there will by any slippage in these orders. All newbuilding contracts entered with Chinese shipyards include a "refund guarantee", which is secured by the bank of the shipyards, to minimise the financial downside of failed deliveries. For more details on refund guarantees, please see the sub-section headed "Financing for acquisition of vessels" below. Save for the shipbuilding contracts, the PRC shipyards have no relationship, business or otherwise with any substantial Shareholder, chief executive, Director or their respective associates.

Prior to entering into a newbuilding contract, an agreement with the shipbuilder is reached regarding the manufacturers of equipment for the new vessel. This is referred to as the 'maker's list'. By establishing a maker's list, the Wah Kwong Maritime Group endeavours to ensure that equipment installed in its newbuildings is provided by well established and internationally recognised suppliers with a global service network. This ensures that not only can the equipment in the vessels in Our Fleet be serviced around the world, but also when the time comes for a vessel to be sold, the vessel will be more attractive to potential buyers on account of having high quality equipment installed from recognised suppliers.

Table – List of the Wah Kwong Maritime Group's Fleet

Vessel *(Note 1)*	**Type**	**Owned** *(%)* *(Note 8)*	**Built/ Delivery**	**Age** *(years)*	**Dwt** *(tons)*	**Builder (location)**
Bulkcarriers						
MINERAL CAPEASIA	Capesize bulkcarrier	16.7% *(Note 9)*	Sep 2005	2.7	174,000	Waigaoqiao S/Y (China)
CHINA VENTURE	Capesize bulkcarrier	50.0% *(Note 3)*	Nov 2005	2.5	175,000	Waigaoqiao S/Y (China)
CEMTEX VENTURE	Panamax bulkcarrier	50.0% *(Note 4)*	Aug 2006	1.8	73,000	Jiangnan S.Y. (China)
CAPE SHANGHAI	Capesize bulkcarrier	16.7% *(Note 9)*	Mar 2007	1.2	174,000	Waigaoqiao S/Y (China)
SHANGHAI VENTURE	Geared supramax bulkcarrier	100.0%	Apr 2007	1.1	53,000	Shanghai Chengxi (China)
GOLDEN VENTURE *(Note 11)*	Geared supramax bulkcarrier	100.0%	Jul 2007	0.8	53,000	Shanghai Chengxi (China)
PRISCILLA VENTURE	Panamax bulkcarrier	50.0% *(Note 5)*	Mar 2008	0.2	76,000	Oshima (Japan)
Average age				1.5		
Subtotal					778,000	

Vessel *(Note 1)*	Type	Owned *(%) (Note 8)*	Built/ Delivery	Age *(years)*	Dwt *(tons)*	Builder (location)
Tankers						
VENTURE SPIRIT	VLCC tanker	100.0%	Jun 2003	5.0	298,000	Universal S.B. (Japan) *(Note 2)*
ARDENNE VENTURE	VLCC tanker	50.0% *(Note 6)*	Sep 2004	3.7	318,000	Hyundai H.I (South Korea)
STARLIGHT VENTURE	VLCC tanker	50.0% *(Note 10)*	Nov 2004	3.5	318,000	Hyundai H.I. (South Korea)
MOONLIGHT VENTURE	Panamax crude tanker	50.0% *(Note 7)*	Feb 2006	2.4	61,000	Sumitomo H.I. (Japan)
Average age				3.6		
Subtotal					995,000	
Ordered newbuildings						
CHENGXI H-4253	Geared supramax bulkcarrier	100.0%	Jan 2009	—	53,000	Chengxi (China)
CHENGXI H-4247	Geared supramax bulkcarrier	50.0% *(Note 3)*	Jun 2009	—	53,000	Chengxi (China)
CHENGXI H-4248	Geared supramax bulkcarrier	50.0% *(Note 3)*	Aug 2009	—	53,000	Chengxi (China)
CHENGXI H-4250	Geared supramax bulkcarrier	100.0%	Nov 2009	—	53,000	Chengxi (China)
CHENGXI H-4251	Geared supramax bulkcarrier	100.0%	Oct 2010	—	53,000	Chengxi (China)
SWS H-1149	Capesize bulkcarrier	50.0% *(Note 4)*	Nov 2010	—	177,000	Waigaoqiao S/Y (China)
CHENGXI H-4252	Geared supramax bulkcarrier	50.0% *(Note 5)*	Nov 2010	—	53,000	Chengxi (China)
DSIC BC 1800-28	Capesize bulkcarrier	100.0%	Nov 2010	—	180,000	Dalian (China)
CHENGXI H-4254	Geared supramax bulkcarrier	100.0%	Dec 2010	—	53,000	Chengxi (China)
WBC93-01	Post-panamax bulkcarrier	50% *(Note 12)*	Dec 2010	—	93,000	Shanhaiguan (China)
WBC93-02	Post-panamax bulkcarrier	50% *(Note 12)*	Feb 2011	—	93,000	Shanhaiguan (China)
Subtotal					914,000	
Total					2,687,000	

Notes:

1. All vessels fly the Hong Kong flag.

2. At the time of construction of 'VENTURE SPIRIT' the shipbuilder Universal S.B. was then known as Hitachi Zosen.

3. The joint venture partner of this vessel is Bocimar Hong Kong Limited.

4. The joint venture partner of this vessel is U-Ming Marine Transport (Singapore) Private Limited, a subsidiary of U-Ming Marine Transport Corporation, a shipping company listed on the Taipei Stock Exchange.

5. The joint venture partner of this vessel is Wealth Way Development Limited.

6. The joint venture partner of this vessel is Euronav NV, a company listed on NYSE Euronext. Euronav NV is also the charterer of the 'ARDENNE VENTURE'. CMB is a major shareholder in Euronav NV.

7. The joint venture partner of this vessel is CMB, a company listed on NYSE Euronext.

8. Ownership of 16.7%, 50.0% and 100.0% represents minority interest, 50:50 joint venture and wholly owned subsidiary, respectively.

9. These vessels are held equally by six shareholders. The other shareholders are Regal Navigation Limited, Kappa Navigation Corporation Limited, TCM Limited, U-Ming Marine Transport (Singapore) Private Limited and Grand View Investments Limited.

10. The joint venture partner of this vessel is Overseas Shipping Private Limited, a subsidiary of U-Ming Marine Transport Corporation, a company listed on the Taipei Stock Exchange.

11. We have entered into an agreement in principle to sell 'GOLDEN VENTURE' to an unrelated third party. Completion of the sale is not expected to occur until September 2008. For further details, please refer to "Summary—Subsequent Events" and "Financial Information—Subsequent Events" in this prospectus.

12. The joint venture partner of this vessel is a 50:50 joint venture between Bocimar Hong Kong Limited, a wholly owned subsidiary of CMB and Drylog Bulkcarriers Ltd..

Our Fleet of operating vessels (excluding the two vessels held by Vessel Companies in which we hold minority interests) was valued by Fearnleys at US$869.0 million (HK$6,778.2 million) and our 11 newbuildings at US$701.5 million (HK$5,471.7 million) as at 15 April 2008. Similarly, the attributable value of the Fleet to Wah Kwong Maritime Group was approximately US$610.7 million (HK$4,763.5 million), and the attributable value to our 11 newbuildings was approximately US$515.8 million (HK$4,023.2 million). The ship valuation report is set out in Appendix V to this prospectus.

As at 31 December 2007, the carrying value of our operating vessels (excluding the two vessels held by Vessel Companies in which we hold minority interests) and the newbuildings attributable to Wah Kwong Maritime Group was approximately US$277.6 million (HK$2,165.3 million), and the total capital commitments in relation to those newbuildings was approximately US$342.7 million (HK$2,673.1 million). Following this date, the Wah Kwong Maritime Group's capital commitments increased by US$52.8 million (HK$411.8 million) in relation to the two post-panamax vessels ordered.

Financing for acquisition of vessels

We principally finance our acquisition of new vessels through a combination of bank loans and internal resources. We work closely and have long standing relationships with leading banks known for ship financing. All our borrowings are denominated in US dollars. The outstanding payments for the construction of newbuildings as at 31 March 2005, 2006, 2007 and 31 December 2007 were US$183.45 million, US$130.18 million, US$50.27 million and US$342.72 million, respectively.

Although the terms of construction of each newbuilding may be different, payments are generally made in five instalments. The five payment stages are usually, the signing of the contract (or receipt of refund guarantee), steel cutting, keel-laying, launching and delivery. Orders of new ships are initially financed through internal resources, and in some instances pre-delivery bank financing may also be utilised for the stage payments.

Upon delivery of the vessel, a new financing arrangement is entered into, which would normally see the repayment of any pre-delivery financing loans and a new loan agreement which involves the long-term financing of around 80% of the purchase price of the vessel being delivered.

All the newbuilding contracts which the Wah Kwong Maritime Group enters into in China include refund guarantees secured by the bank of the shipyard. Refund guarantees provide that in the event that the shipbuilder is not able to meet its contractual obligations and the contract is cancelled, all instalments paid under the contract will be returned to the Wah Kwong Maritime Group. The form of the refund guarantee must be in a form acceptable to the Wah Kwong Maritime Group's lending institution financing that vessel, and the bank to the shipbuilder providing the refund guarantee is required to be a leading bank of the shipyard. The refund guarantees become effective from the time they are issued by the bank and expire on the earlier of delivery and acceptance of the vessel or the date stated in the refund guarantee. As with any guarantee, certain circumstances may exist which deem a guarantee ineffective, these include:

(a) unenforceability, illegality or invalidity of the underlying contract;

(b) material alteration of the underlying contact; or

(c) a party granting an indulgence or concession to the other party.

A letter of guarantee in favour of the Group has not been found to be ineffective during the Track Record Period.

Currently, we have on order two capesize bulkcarriers, two post-panamax bulkcarriers and seven supramax bulkcarriers, scheduled to be delivered from 2009 to 2011. The following table sets forth the estimated payment percentages of each instalment for these newbuildings.

	The first instalment	The second instalment	The third instalment	The fourth instalment	The fifth instalment
DSIC BC 1800-28	40%	15%	15%	10%	20%
SWS H-1149	20%	10%	10%	10%	50%
WBC93-01	20%	20%	20%	20%	20%
WBC93-02	20%	20%	20%	20%	20%
Supramax bulkcarriers	15-20%	15%	10%	10%	45-50%

As security, the construction contract of a newbuilding is usually assigned to the lending banks during the construction period. After delivery, the vessel and the receiving accounts for the time charter attached to the vessel are pledged to the lending banks.

As at the Latest Practicable Date, there was no outstanding payment due for the acquisition of vessels. The total purchase cost attributable to Wah Kwong Maritime Group for the current 11 newbuildings is approximately US$412.3 million (HK$3,215.9 million) in aggregate, and the net balance of payments to be paid in due course in respect of our 11 newbuildings is approximately US$356.5 million (HK$2,780.31 million).

Commercial management

The ownership and operation of vessels require both commercial management and technical management of the fleet. Commercial management is the management of acquisition, chartering and disposal of the vessels in Our Fleet. Technical management is the management of the technical operations of the vessels themselves. Our management focuses on commercial management. We contract with a technical management company for technical management.

A core strength of our Group is our depth of experience in the commercial management of shipping assets. The origins of the Group's shipping operations have been in existence for over 55 years, over which time the management team of the Group has accumulated knowledge and experience in owning and operating ships during both the growth and decline phases of the shipping sector economic cycle. Additionally, we have established close relationships with ship brokers, ship financiers, charterers and shipyards in the Asia Pacific region and internationally.

The depth of experience and expertise of our management team is one of our strengths. During our operating history of over a half-century, the shipping industry and the world economy have seen both growth and decline periods. The shipping sectors are cyclical in nature and thus high and low phases are expected. With our experience, we are well placed to make appropriate commercial decisions in periods of expansion and contraction, and acquire, charter and dispose of ships on favourable terms having regard to the prevailing cycle. In operating the Wah Kwong Maritime Group, many commercial decisions must be made such as the acquisition, chartering and disposal of the Wah

Kwong Maritime Group's vessels, which will affect the size of the Fleet, mix of vessel types and sizes and repayment risk. Our Fleet currently operates in mid to large sized sectors of the bulk shipping business, which the management believes is more appropriate given the present size of the Wah Kwong Maritime Group's operations.

The management team communicates daily with WKS Management, the technical management company engaged by the Group. The regular supervision of vessel activity is essential to help to ensure that each vessel is operating properly and efficiently, and any problems are identified promptly and solved quickly. In this way, the Wah Kwong Maritime Group can monitor that its charterers are satisfied with the vessels and that the condition of the vessels themselves are maintained.

The Wah Kwong Maritime Group's management includes an Operations and Technical Manager who has extensive experience in ship management. This manager oversees all aspects of the technical management company's involvement with the Wah Kwong Maritime Group's vessels and reports to the Directors regarding the technical management company's performance and the performance of the Wah Kwong Maritime Group's vessels. This includes visiting each of the Wah Kwong Maritime Group's vessels at regular intervals. Our Operations and Technical Manager is also responsible for benchmarking the technical management company's performance against other technical management companies and also advising the Directors on expenses proposed by the technical management company with respect to the daily operation of the vessels in Our Fleet. All vessel expenditure and invoices provided by the technical management company must be approved by the Directors (upon approval of all disbursements, some are passed to the Group's accounts department for payment) and tight cost control is maintained, whilst at the same time ensuring that the quality of service provided to charterers is not compromised.

Close communication is maintained directly with the vessel's charterers, both with respect to the performance of the Wah Kwong Maritime Group's vessels under their respective charters and in assessing future opportunities, either in the form of extending existing charters or arranging timecharters for newbuildings. Feedback from the charterer provides us with front line information to continue to improve our level of service to customers and identify and rectify potential problems early.

Technical management

The technical management of Our Fleet is outsourced rather than performed in-house. Utilising the services of a third party manager is a common practice in the industry and offers a number of advantages. Economies of scale through bulk buying of stores, provisions and lubricating oils for the consolidated fleet of the technical manager's customers, together with the Group's management team being released to focus primarily on the commercial operation of the Wah Kwong Maritime Group, are two of the significant benefits.

Technical management involves the crewing of ships, provision of stores, arrangement of insurance and processing of related claims, compliance with ISM Code and all international and flag state requirements, and arrangement of ongoing ship maintenance, including periodic dry docking. Technical management also provides input and advice on the specifications of newbuilding orders and the supervision of the construction of the newbuildings.

All of the Wah Kwong Maritime Group's vessels fly the Hong Kong flag. Hong Kong is an internationally recognised ship registry and is a national flag operating to high international standards. The technical management company ensures that ships are in compliance with flag state regulations and other regulations at initial inspections as well as any future random inspection at any port of call.

The Wah Kwong Maritime Group has outsourced the technical management of its vessels to Venture Shipping (Managers) Limited, who through a delegation arrangement appointed Wah Kwong Ship Management (Hong Kong) Limited to perform the technical management functions (together referred to as "WKS Management"). Both of these companies are wholly-owned subsidiaries of the Controlling Shareholder and are therefore connected persons under the Hong Kong Listing Rules. The appointments of WKS Management as technical manager of each of the Wah Kwong Maritime Group's ships are on arm's length terms and are in the ordinary and usual course of business of the Group. Whilst WKS Management provides management services for other shipowning customers including Wah Kwong Holdings and Bocimar Far East Hong Kong, the Group is its largest single customer. WKS Management also manages two LPG tankers, for which they receive a management fee of US$10,000 per month per vessel, hence it represents a small portion of the total business of the Wah Kwong Holdings Group. The LPG tankers are overseen by the Wah Kwong Holdings Group tanker team as is normal practice and hence there are four staff who are involved in the operation of these ships, although not engaged full time on the LPG fleet.

It is common industry practice for technical management agreements to be signed and held by a company in a tax efficient domicile. Venture Shipping (Managers) Limited is a company incorporated in Bahamas. The ship management functions and all of the obligations under the technical management agreements between Venture Shipping (Managers) Limited and the ship owners are performed by Wah Kwong Ship Management (Hong Kong) Limited, which is a company incorporated in Hong Kong, pursuant to delegation arrangements. The principal terms and conditions of the delegation arrangements between Wah Kwong Ship Management (Hong Kong) Limited as the delegatee and Venture Shipping (Managers) Limited as the delegator are as follows:

(a) Wah Kwong Ship Management (Hong Kong) Limited undertakes to accept, observe, perform and discharge all liabilities and obligations of Venture Shipping (Managers) Limited and to discharge all of Venture Shipping (Managers) Limited's duties under the technical management agreements;

(b) Venture Shipping (Managers) Limited shall pay a fee to Wah Kwong Ship Management (Hong Kong) Limited for providing the services under the delegation agreement, such fee to be reviewed annually;

(c) Wah Kwong Ship Management (Hong Kong) Limited indemnifies Venture Shipping (Managers) Limited from any and all claims related to the performance of the delegation agreement, except to the extent that such claim is attributable to any gross negligence or willful misconduct or omission by Venture Shipping (Managers) Limited or any company or person affiliated or related to Venture Shipping (Managers) Limited (excluding Wah Kwong Ship Management (Hong Kong) Limited); and

(d) the delegation agreement continues until the termination of the technical management agreements or by Venture Shipping (Managers) Limited giving three months' written notice to Wah Kwong Ship Management (Hong Kong) Limited. The delegation agreement may also be terminated by either party by immediate notice to the other party if any of the following events occurs:

(i) the owner ceases to be the owner of the vessel; or

(ii) the vessel becomes an actual or constructive or compromised or arranged total loss; or

(iii) the vessel is requisitioned for title or any other compulsory acquisition of the vessel occurs otherwise than requisition for hire; or

(iv) the vessel is captured, seized, arrested, detained or confiscated by any government or persons acting or purporting to act on behalf of any government and is not released from such capture, seizure, arrest or detention within 30 days of the occurrence thereof.

During the Track Record Period, the aggregate fees paid for technical management services and shipbuilding supervision for the Wah Kwong Maritime Group's vessels represented approximately 0.67%, 2.36%, 0.40% and 0.60% of revenue for the years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2007 respectively. Hence, although technical management and shipbuilding supervision is an important part of ship ownership and operation, the day-to-day management services provided by a technical manager is not the key aspect of the fleet's value and its ability to earn income. Given this and the fact that the Wah Kwong Holdings Group owns and operates LPG ships which also engage technical management services and shipbuilding supervision from WKS Management, it was decided that the technical management company should stay as part of the parent group and be excluded from the listing group. No formal written agreement exists requiring the Group to use solely and exclusively the technical management services and shipbuilding supervision of WKS Management only. The Group has incidentally used other technical management companies in the past such as the case with the shipbuilding supervision of "PRISCILLA VENTURE" which was purchased as a resale with a shipbuilding manager already engaged. For the years ended 31 March 2005, 2006, 2007 and for the nine months ended 31 December 2007, the percentage of total revenues of WKS Management in respect of the service fee received from our Group is 37%, 34%, 28% and 24%, respectively. Further details of this connected transaction are set out under the section headed "Relationship with Wah Kwong Holdings — Connected Transactions" of this prospectus.

On the basis of the performance record of our ships, we believe that WKS Management provides a high level of service in all aspects of the technical management of our ships. WKS Management employs a staff of around 24 personnel in its provision of technical management services and shipbuilding supervision. Aside from the level of service provided, a major reason for selecting WKS Management to continue to manage Our Fleet is the increasing number of approvals a ship must have in order to be employed to transport cargo. This is particularly applicable in the case of the tanker industry where both a ship and its technical manager must be approved, inspected and vetted by an oil company before the vessel can be fixed on a charter. This vetting procedure is over and above

classification, flag state and other regulatory requirements with which the vessel must comply. While our tankers are currently not directly chartered to oil companies, our charterers sub-charter our tankers to major oil companies regularly and hence it is crucial that they remain fully approved by oil companies. In the event of a vessel being sold or changing technical manager, all approvals are withdrawn and the vessel and the new technical manager must be re-inspected and approved, which would have a significant impact on the trading opportunities available for the vessel. Wah Kwong Ship Management (Hong Kong) Limited has obtained the relevant charterer approvals for all the vessels in Our Fleet and have themselves received all the necessary accreditation and approvals to provide the Wah Kwong Maritime Group's charterers with the service they require.

The provision of crew for the Wah Kwong Maritime Group's vessels is one of the most important services which WKS Management provides and is a key element in the Wah Kwong Maritime Group's choice of technical manager. The crew onboard a ship is pivotal to its successful operation and hence having access to an experienced and loyal pool of seafarers is critical to the success of the Wah Kwong Maritime Group. Many of the Wah Kwong Holdings Group officers and engineers joined the company as apprentices. In addition, the Wah Kwong Holdings Group operates a cadet training scheme. Wah Kwong Holdings Group recruits approximately 40 to 50 cadets from PRC manning agents each year and has an ongoing programme of recruitment and training to ensure that they maintain a pool of well trained seafarers. In addition, the Wah Kwong Holdings Group is an active supporter of the Maritime Services Training Institute and is one of the leading employers of Hong Kong seafarer cadets. The chairman of our Group, Mr. George Chao, was previously chairman of the Maritime Services Training Board (previously known as the Merchant Navy Training Board) for seven years.

The Wah Kwong Maritime Group ensures that standards are maintained, costs controlled and the performance of WKS Management monitored by employing our own in-house Operations and Technical Manager who provides liaison with the ship management company and reports directly to the Executive Directors. In addition, the Wah Kwong Maritime Group's Operations and Technical Manager regularly visits the Wah Kwong Maritime Group's vessels to ensure standards are being maintained to the high level required by the Wah Kwong Maritime Group and its charterers.

Terms of the each technical management contract are reviewed and approved by the Executive Directors. Such terms would cover duties and responsibilities of the technical manager, such as preparation of financial and operational reports and responsibilities of the technical manager for selecting the best suppliers based on a pre-defined set of criteria.

(a) Monitoring of ship performance

The technical manager is responsible for ensuring the vessels in Our Fleet are 'fit for purpose' and meet the requirements as set out in the charter agreement. To achieve this, the technical manager has the responsibility to keep the Group's Operation and Technical section informed of the performance of the Company's vessels. The Master of each vessel submits a daily noon report advising the ship's position, performance, weather and any unexpected problems. This report is sent to the technical manager and copied to the Group's Operations and Technical Manager.

The technical manager prepares a quarterly report for each vessel summarising qualitative information on the performance of each vessel and a comparison of the actual against budget on the

operating costs of each vessel. This report is submitted to the Operations and Technical Manager, the Executive Directors and where applicable, the joint venture party in the vessel for their review and operation. The Operations and Technical Manager is responsible for identifying any significant problems and resolving the same with the technical manager.

The technical manager coordinates the requests for quotations for insurance coverage and submits all insurance quotations to the Executive Directors for final approval prior to the confirmation being issued to the insurance broker.

The Group's Operations and Technical Manager visits the vessels in Our Fleet regularly and provides the Board with a report on the condition of the vessel and an assessment of the crew and technical manager's performance.

(b) Operating Cost Evaluation

The Group's Operations and Technical Manager receives an annual budget of operating costs for each vessel from the technical manager. The annual operating budget would include crewing costs, ship consumable stores, ship running repairs, drydocking costs, lubricants, insurance and other incidental operating costs such as class survey, vetting inspection and other items for shipowner's account. The Operations and Technical Manager assesses the reasonableness of costs within the budget for each vessel and raises any concerns with the technical manager. The finalised budget is then submitted to the chief executive officer of the Company for review and approval.

The annual operating cost budget for each vessel is approved by the Group prior to the commencement of each twelve month period under management. This budget includes an allocation of funds for purchases to be made which are required for the normal operation of the vessel. When these purchases are made within the allocated and agreed budget, no approval is required, however when purchases in excess of the budget or outside the normal anticipated requirements of the vessel are required, the prior approval of the Group must be obtained. In the event of the technical manager making purchases not authorised under the relevant technical management agreement, the Group has the right to claim for breach of contract.

WKS Management as technical manager enters into all third party supply contracts. WKS Management pays relevant expenses relating to the ship management as an agent on behalf of the relevant Vessel Company, and retains all original invoices and supporting documents for a period of seven years. These documents are available to the Company's auditors at any time.

All requests for funds by the technical manager are analysed by the Group's Operations and Technical Manager and approved by the Executive Directors. Sums in excess of the agreed monthly operating costs are only advanced to the technical manager when there is a specific reason for the monthly budget to be exceeded (ie repairs or replacement parts being required).

The technical manager submits to the Group a copy of the monthly operating expenses statement. The bank mandates for those Vessel Companies which are wholly owned subsidiaries or jointly controlled entities and have bank accounts require the joint signatures of any two of Mr. Chao George Sze Kwong, Ms. Chao Sih Ming Sabrina and Mr. Tim Huxley (except in the case of Bright Time

Holdings Limited, Great Hope Enterprises Limited and Komati Shipping Limited, where Mr. Ludwig Criel is also a signatory) for transactions in that account. The bank mandates for those Vessel Companies which are our associated companies require the joint signatures of any two directors, with each of the six shareholders of those Vessel Companies appointing one director.

The Group's Operations and Technical Manager in association with the accounts department monitors the application of funds advanced to the technical management company to ensure that funds remitted are solely for the purpose of application to the specific vessel and not directed for other purposes.

As more fully described in the sub-section entitled "Relationship with Wah Kwong Holdings — Connected Transactions", the independent non-executive Directors will review the technical management arrangements which constitute continuing connected transactions after the Listing each year. Consequently, the vessel expenditure budget proposed by, and the amount of advance payable/paid to the technical manager and the operating funds under those technical management arrangements are subject to the annual review by the independent non-executive Directors.

The technical manager maintains vendor selection and evaluation records for major suppliers such as lubricants. The technical manager may be required to provide explanation on the selection and evaluation of vendors upon the request of the Group's Operations and Technical Manager. The technical manager can disburse monthly either a fixed amount or actual expenses incurred as agreed and defined in the ship management agreement.

For disbursements of actual expenses incurred, the technical manager submits a monthly disbursement report on each vessel for verification by the Group's Operations and Technical Manager. The Operations and Technical Manager reviews each vessel's expenses, identifies any unreasonable expenses which are inconsistent with the reports submitted by the captain of the vessel and clarifies with the technical manager any unreasonable expenses due to the Wah Kwong Maritime Group. Upon approval of all disbursements, the same are passed to the Group's accounts department for payment.

In the event of a technical management agreement with WKS Management being terminated during the course of a charter, this would only be done in consultation with the charterer which would involve proposing an alternative manager and obtaining the charterer's approval and consent. If the termination affects a bulkcarrier, there may possibly be some disruption to a vessel's schedule on account of needing to change crew and carry out new ISM audits which may incur off-hire days for the vessel of approximately two to three days. The change of ship management is a normal occurrence when a vessel changes its ownership, and such related off-hire days are common place.

The effects of the change of ship management on a tanker would potentially be more considerable as the change of technical management would see the vessel and its technical manager lose approvals from the relevant sub-charterer or charterer, in addition to the minor disruption described above, and these would need to be renewed. As this could possibly take some time, it would have an impact on the commercial operation of the tanker since it would prevent the tanker from being chartered to some end users. Hence, in addition to the limited off-hire days (usually two to three days) which may result due to changing the crew and ISM audits, there may be a period of several months required to obtain relevant oil company approvals for the tanker under new management. During this

period, trading opportunities for the tanker may be restricted but the vessel would continue to be able to operate and carry oil on routes to and from oil terminals which do not require the relevant oil company approvals. This is however mitigated by the fact that, in the event of the shipmanager being changed, the newly appointed shipmanager would be appointed in consultation with the charterer with the emphasis on minimising any delays in obtaining these approvals, hence we would only employ an alternative shipmanager who was already well established with the various oil companies and who had systems and procedures in place which would permit obtaining the relevant approvals at the earliest possible opportunity. Again, such constraints are common place during a change of ownership of tankers and are manageable.

If any events should arise which may result in terminating any of our technical management agreements and shipbuilding supervision agreements with WKS Management, third party technical managers are available to be engaged, and the resulting disruption to the operations of the Wah Kwong Maritime Group would be short term in nature. If a decision was made to change the technical manager of our bulkcarriers for whatever reason, the period of time required for replacement would be fairly minimal. Ship management is a global industry and there are a significant number of companies around the world who engage in third party ship management for both bulkcarriers and tankers. As at the Latest Practicable Date, there are around six other major third party ship managers in Hong Kong who manage ships (including bulkcarriers and tankers) similar to those currently owned by the Company and who are members of the Hong Kong Shipowners Association. Depending on the location of the vessel, a ship manager would normally be able to mobilise a crew, carry out an ISM audit and take a vessel under management with about four weeks notice, resulting in a limited number of off-hire days (usually two to three days).

The termination of a shipbuilding supervision agreement is more straight-forward, since the vessel is not yet in operation. The replacement of a shipbuilding supervisor can be done readily and usually within one month. However, often times shipbuilding supervision agreements are kept in place until delivery when another manager may be appointed for the technical management services.

The Directors consider that the continued engagement of WKS Management for technical management services and shipbuilding supervision is in the interests of the Company given the history of quality service provided and given the fees charged are on normal commercial terms, which are benchmarked against third party commercial rates.

Sales and marketing

Our future development relies on maintaining a strong presence in the international shipping market. Our relationships with our existing charterers are very strong and we continue to maintain close contact with many of the world's other major charterers in order to develop new business. Our regular dialogue with our existing and potential customers not only keeps us abreast of market developments but also means we are often aware of a customer's chartering needs at a very early stage and can plan charter renewals and our newbuilding programme specific to their needs. The Group has established a wholly-foreign owned enterprise in the PRC to explore potential freight forwarding related business. Please refer to the section headed "Our History and Corporate Structure — Our

Subsidiaries and Vessel Companies" in this prospectus. The Directors also ensure that the profile of the Wah Kwong Maritime Group is maintained throughout the industry through active participation as speakers at industry seminars and playing a significant role in the work of the Hong Kong Shipowners Association and other organisations of which the Wah Kwong Maritime Group is a member.

ENVIRONMENTAL MATTERS

Overview

The protection of the maritime and coastal environments is governed by the IMO MARPOL Convention, a combination of two treaties adopted in 1973 and 1978 and updated by amendments through the years. The MARPOL Convention includes regulations aimed at preventing and minimising pollution by vessels from both accidental pollution and routine operations. Compliance with the MARPOL Convention is a key element of the ISM Code requirements (Please refer to the section headed "Regulatory Overview" in this prospectus). All of the Wah Kwong Maritime Group's vessels must comply with the MARPOL Convention, WKS Management ensures adherence to the Convention together with an ongoing programme of training and awareness both onboard our ships and ashore. In addition to full adherence to MARPOL regulations covering water pollution, particular emphasis is placed on ensuring Our Fleet's use of fuel oil that is compliant with MARPOL 73/78 Annex VI governing the sulphur content in bunkers.

Relevant laws and regulatory risks

The conventions developed by the International Labour Conference and the following international conventions and regulations of the IMO represent the relevant laws and regulatory risks pertaining to the environmental issue and issues of social responsibility, in particular, health, safety, insurance and accidents.

1. International Convention for the Safety of Life at Sea

2. International Convention on Load Lines

3. International Convention for the Prevention of Pollution from Ships

4. Convention on the International Regulations for Preventing Collisions at Sea

5. International Convention on Standards of Training, Certification and Watchkeeping for Seafarers

6. International Convention on Tonnage Measurement of Ships

7. International Convention for the Control and Management of Ship's Ballast Water and Sendiments

8. International Convention on the Control of Harmful Anti-fouling Systems on Ships

9. International Safety Management Code

10. International Ship and Port Facility Security Code

Compliance measures

In order to comply with the applicable laws of the conventions listed above, the Group:

(a) employs staff who are highly experienced in the shipping and marine industries; and

(b) outsources its technical management of the Fleet to WKS Management who employs staff who are experienced ex-seafarers with extensive relevant experience both onboard and ashore. For further information in relation to WKS Management and the technical management services provided to the Group by WKS Management, please refer to the sections of the prospectus headed "Our Business Operations — technical management" in this section and "Relationship with Wah Kwong Holdings — Connected Transactions" in this prospectus.

The Group has implemented a code of conduct which requires all employees to maintain a high regard for environmental considerations in conducting the Group's business operations and to ensure that wherever possible, our business is conducted in an environmentally sustainable manner and complies with relevant laws regarding protection of the environment.

All relevant employees of the Group and WKS Management are kept fully appraised of any amendments or changes to the respective conventions which affect the Group's ships and the crews onboard the Group's vessels are advised of any new rules or changes to existing rules. With respect to the Convention on Standards of Training, Certification and Watch Keeping for Seafarers, all seafarers employed onboard the Group's vessels must be appropriately qualified and licensed in accordance with the STCW convention for their respective duties. The staff of the Group and WKS Management, both onboard and ashore, co-ordinate closely the implementation of such measures required to meet the applicable laws and conventions.

Impact of the Group's operations on the environment

Our Fleet is designed to transport dry bulk cargoes and crude oil. However, the vessels in Our Fleet will always have a certain amount of bunker fuel onboard.

In the normal operations of our Group, there is nothing material that would adversely impact on the environment save for the by-products resulting from the use of bunker fuel consumed in the normal operations of Our Fleet. However, in the event that a vessel's hull is damaged by virtue of a collision or grounding and there is a discharge of cargo or fuel, this may have an adverse impact on the environment.

By virtue of having a young and modern Fleet, all of the vessels in Our Fleet benefit from having modern ship designs and propulsion systems which are designed for optimum fuel economy. Each vessel employs oily water separators and onboard incinerators which embrace technology to reduce or eliminate air and water pollution from their various functions.

The design of the existing equipment onboard the Fleet helps to minimise pollution and reduces the adverse impact on the environment by being efficient in terms of fuel consumed in its operation. Incinerators onboard the Group's vessels are used for burning off sludge generated from the oil consumed in the main engine. These are designed to ensure optimum efficiency in disposing of waste oil. The Group's tankers are all double hull designed. This design enables greater protection in the event of a collision thereby reducing the risk of any rupture in the cargo tanks and in turn minimising environmental impact in the event of oil spills or marine disaster. In addition, all but one of the Group's bulkcarriers have double hull bunker tanks to prevent the spillage of bunker fuel in the event of a collision or grounding. Through WKS Management's ongoing planned maintenance programme, the efficiency of the vessel's equipment is maintained. All equipment is also maintained in accordance with the manufacturer's recommendations to ensure optimum efficiency and minimum emissions.

Future developments

The Group will continue to comply with environmental legislation as it comes into force and monitors developments regarding IMO requirements from the discussion stage until new rules are promulgated. The Group intends that the Fleet will adopt the International Convention for the Control and Management of Ship's Ballast Water and Sediments, being the next significant rule change which is expected to come into force in around 2015.

Compliance by the Group

With respect to current compliance with applicable rules and regulations, the Fleet is in full compliance and hence the cost of meeting such compliance is factored into the budgeted operation cost of the Group's vessels. With respect to future applicable rules, as can be seen from the expected implementation of the International Convention for the Control and Management of Ship's Ballast Water and Sediments, which is anticipated to come into effect around 2015, the lead time on the implementation of new regulations is considerable. This normally allows for new regulations to be factored into the construction cost of new ships without any significant burden on the daily operating costs, although it may influence the capital cost for a new ship. It is rare for a new regulation which requires major capital expenditure to be imposed on an existing ship, the implementation being phased in and ultimately becoming universal when older ships are phased out. The Group's policy of maintaining a young fleet means that it is unlikely that the Group would be involved in owning a vessel which requires significant capital expenditure to keep trading.

The International Convention for the Control and Management of Ship's Ballast Water and Sediments was adopted by the IMO in 2004. The convention will enter into force twelve months after ratification by 30 states representing 35 per cent of world merchant shipping tonnage. As at 31 March 2008, there are 13 countries representing 3.62 per cent of the world tonnage who have ratified the Convention. At present, there are a very limited number of water treatment technologies available that meet the ballast water performance standard as required by the Convention. When such ballast water treatment technologies become practically available and the Convention is ratified by sufficient states to enter into force, the Convention will apply to newly constructed ships. For existing ships and ships currently on order it is normal practice for an exemption to be granted or the imposition postponed. There is therefore no significant impact of such modifications on the Group's existing ships or the Group's current newbuilding orderbook.

RISK MANAGEMENT, INSURANCE AND INTELLECTUAL PROPERTY

Market risks

We are exposed to various types of market risks, including changes in interest rate risks, foreign exchange risks and inflation risks in the normal course of business. For more information, please see the sections entitled "Risk Factors" and "Financial Information — Market Risks" of this prospectus.

Operational risks

Vessel operation involves certain inherent operational risks such as collision, mechanical failure, property loss, hostilities (such as war and terrorism), labour strikes and business interruption due to unfavourable political conditions in foreign countries. Furthermore, there always exists an inherent possibility of marine disaster, such as oil spills, environmental mishaps and the liabilities arising from owning and operating vessels in the international maritime trade.

We believe that we have arranged comprehensive insurance coverage in line with market practice for the vessels in Our Fleet, crew, and other properties, to protect against accident related risks in the course of our business. During the Track Record Period, there has not been any instance of total loss of a vessel caused by environmental accident, fire, explosion, grounding, collision or other inherent risks. Please refer to the section "Risk Factors — We are subject to inherent operational risks that may not be adequately covered by our insurance" in this prospectus.

Insurance coverage for Our Fleet

Hull and machinery, war risk insurance, and increased value insurance

We have taken out marine hull and machinery insurance and war risk insurance, which include cover of a vessel's hull and machinery, maritime perils and the risk of actual or constructive total loss, for all vessels in Our Fleet within normal trading areas and warlike regions. We have also obtained increased value coverage for each of the vessels in Our Fleet. This increased value coverage entitles us to receive amounts not recoverable under our hull and machinery policy due to under-insurance in the event of actual or constructive total loss of a vessel. The hull and machinery insurance and the increased value coverage, added together, is designed to cover each of the vessels in Our Fleet up to at least its fair market value, and we review the fair market value limit regularly.

Protection and indemnity insurance

P&I insurance covers our legal and statutory liabilities for third party liabilities in connection with our shipping activities. The third party liabilities covered include expenses resulting from the injury or death of passengers, crew and other third parties, cargo loss or damage, claims arising from vessel collisions, damage to other third party property, pollution resulting from oil or other substances and salvage, towing and other related costs, including wreck removal. Our current coverage for oil pollution liabilities is US$1 billion per incident and the current coverage limit for all other types of claims is US$5.5 billion.

Freight, demurrage and defence insurance

We maintain freight, demurrage and defence insurance to cover the cost of defending against legal proceedings arising from our shipping activities. The relevant coverage includes disputes relating to freight, demurrage, detention, salvage, insurance monies, damage to vessel, mortgages, and contracts related to the vessels in Our Fleet.

Off-hire insurance

We also maintain off-hire insurance in accordance with industry practice, which covers the loss of revenue during extended vessel off-hire periods, such as those that occur during an unscheduled dry-docking due to damage to a vessel from an accident. This off-hire insurance is for 90 days for a pre-agreed daily rate per vessel, which is usually the amount the vessel is then chartered for plus a margin and involves a deductible of the first 14 days off-hire.

We are a member of two P&I associations (The Britannia Steam Ship Insurance Association Limited and China Shipowners Mutual Assurance Association), and the protection and indemnity and freight, demurrage and defence insurance coverage are provided by P&I associations. Each of the vessels in Our Fleet is entered into a P&I association. P&I associations are mutual insurance associations (which may be members of the International Group of P&I Associations or other larger associations), which exists to arrange collective insurance and reinsurance. As a member of a mutual association, we are subject to calls payable to the association's pooling system based on our claims record and also the claims record of other members of the association. This pooling mechanism provides a higher level of reinsurance protection than would be available to individual P&I associations. We incurred premiums to the P&I associations of approximately US$615,000, US$609,000 and US$743,000 respectively for each of the three years ended 31 March 2007.

We generally aim to obtain similar freight, demurrage and defence insurance coverage for the contracted newbuildings following their delivery.

Insurance claims

As at the Latest Practicable Date, we had two unsettled insurance claims for the amount of approximately US$906,000 for the hull claims and loss of hire for two vessels. Full provisions have been made for the deductibles in both cases, being the amount which is not reimbursed by the insurance policy, which come to a total of about US$590,000 (US$420,000 for loss of hire on 'SHANGHAI VENTURE' and US$70,000 for loss of hire on 'MINERAL CAPEASIA', for which we only have a ⅙ interest in; US$75,000 for hull claims on 'SHANGHAI VENTURE' and US$25,000 for hull claims on 'MINERAL CAPEASIA'). We currently do not have any other outstanding material insurance claims for US$500,000 or above, nor is there any material insurance claim against the Group known to our Directors to be pending.

Enquires from the Inland Revenue Department

During the year of 2006 and 2007, two jointly controlled entities of the Wah Kwong Maritime Group received enquiries from the Hong Kong Inland Revenue Department (the "IRD") requesting

detailed information in relation to the profits on disposal of their vessels which was claimed to be capital and offshore in nature and hence not subject to Hong Kong profit tax. The IRD also requested details from one of the jointly controlled entities of the Wah Kwong Maritime Group regarding its interest income which was claimed as offshore in nature and hence not taxable for the Hong Kong profit tax.

Replies to the enquiries have been filed with the IRD and no response has been received from the IRD.

Intellectual Property

The Wah Kwong Maritime Group does not have any patents, licences or trade marks on which our business is substantially dependent. However, we have a licence to use certain trade marks of Wah Kwong Holdings. On 19 May 2008, we entered into the Trade Mark Licence. The Trade Mark Licence is royalty free. The trade marks under the Trade Mark Licence are licensed to the Wah Kwong Maritime Group on a non-exclusive basis and Wah Kwong Holdings retains the right to use the trade marks. The Trade Mark Licence is perpetual and may be terminated in certain circumstances. We currently conduct all of our shipping business under the Wah Kwong name. For further information, please see the section headed "Relationship with Wah Kwong Holdings — Connected Transactions — Exempt Continuing Connected Transaction" in this prospectus and the section headed "Further Information About our Business — Our Trademarks/Intellectual Property Rights" in Appendix VII to this prospectus.

Outline

The Group's interest in each of the Vessel Companies is summarised as follows:

(a) eight Vessel Companies are wholly owned subsidiaries of the Company;

(b) twelve Vessel Companies are jointly owned with independent third parties; and

(c) two companies are held as to 16.7% by the Group with co-owners which are all independent third parties.

Each of the 50% jointly controlled Vessel Companies other than Regal Land International Limited and Belvedere Capital Trading Ltd are governed by a shareholders' agreement between the relevant Vessel Company, the joint venture partner and the Group company which holds the 50% interest in the Vessel Company. In the case of Regal Land International Limited and Belvedere Capital Trading Ltd, a form of shareholder agreement, which is consistent with the terms of the shareholders' agreements for the other jointly controlled entities as described below, has been agreed but has not yet been entered into.

The details of the joint venture partners for each of the twelve jointly owned Vessel Companies and the two companies which are held as to 16.7% by the Group are set out in the section entitled "Our Subsidiaries and Joint Ventures — Investments in Joint Ventures" in Appendix VII to this prospectus. Each of these joint venture partners is independent of the Company and its connected persons. For details of the transactions between the Wah Kwong Maritime Group and the joint venture partners, please refer to the sub-section entitled "Transactions with joint venture partners" below.

Summary of the key terms and conditions of the shareholders' agreement with the jointly controlled entities

The key terms of the shareholders' agreements in respect of each of the Vessel Companies in which the Company has a 50% interest relate to the objectives of the joint venture company, the conduct of the joint venture parties and the arrangements to be put in place for the vessel, are on substantially the same terms and are summarised below:

(a) the sole business of the joint venture company is the acquisition, ownership, chartering, operation and eventual disposal of a specific vessel, the price of such acquisition of vessel to be determined pursuant to the terms of the relevant shipbuilding contract or memorandum of agreement relating to the purchase of vessels.

(b) the board of directors is responsible for making decisions relating to the business of the joint venture company, although certain matters are pre-determined under the shareholders' agreement, including:

    (i) the construction of the vessel shall be supervised by the supervisory company pursuant to the supervision agreement referred to in the shareholders' agreement

(where appropriate). The shareholders' agreements for each of Clear Mountain Shipping Limited, Ever Progress Trading Limited and Chainhurst Limited, being the jointly controlled entities which have vessels currently in the construction phase, provide for the appointment of WKS Management as the supervisory company;

(ii) the financing for the construction of the vessel shall be arranged in accordance with the specific terms of the shareholders' agreement;

(iii) the day to day management of the vessel shall be delegated to a technical management company pursuant to the technical management agreement referred to in the shareholders' agreement. The shareholders' agreements for each of the jointly controlled entities provides for the appointment of WKS Management as the technical manager. In the case of Clear Mountain Shipping Limited, Ever Progress Trading Limited, Great Era Investment Limited, Elegance Carriers, Inc. and Winyield Investments Limited, the appointment of WKS Management is expressed to be subject to a competitive quote. In each case, WKS Management has been appointed;

(iv) the commercial management of the vessel shall be delegated to a commercial manager referred to in the shareholders' agreement; and

(v) in respect of a number of the shareholders' agreements, the charterparty is identified in the relevant shareholders' agreement and the shareholders' agreement provides that the vessel shall specifically enter into the services of that charterparty.

(c) at a meeting of the board, no decision or action shall be taken and no resolution passed by the board unless such decision, action or resolution is approved by not less than two thirds in numbers present at such meeting and a quorum is present (which shall require the attendance by at least 50% of the directors provided that at least one director nominated by each of the joint venture partners are present). Both joint venture partners are entitled to nominate an equal number of directors each. The chairman of the joint venture company does not have a second or casting vote at any board meeting.

(d) at a general meeting of the shareholders, no business shall be transacted unless a quorum is present. A quorum shall exist if there are shareholders present in person or by proxy or by their duly authorised representatives holding in aggregate not less than 66 2/3% of the issued shares of the joint venture company.

(e) if a shareholder is in material breach of its obligations under the shareholders' agreement and does not remedy that default within 30 days of notice from the non-defaulting shareholder, the non-defaulting shareholder may (but is not obliged to) purchase the shares and the shareholder's loan of the defaulting shareholder at the price determined pursuant to the shareholders' agreement.

(f) Subject to the terms and conditions of the security documents and the passing of a shareholders' resolution in relation to approving payment of dividends, the net cash surplus of the joint venture company shall be distributed as follows:

(i) firstly: if payment to the lenders has been deferred, in payment to the lenders of the deferred amount;

(ii) secondly: in and towards repayment of shareholders loans; and

(iii) thirdly: provided the obligations under the loan by the lenders have been met in full and the shareholders loans have been repaid in full, in payment of a dividend to the shareholders in proportion to their respective shareholdings in the joint venture company,

and if the vessel is sold and all liabilities are discharged in respect of the vessel and the joint venture company, the balance of funds remaining will be distributed as a dividend to the shareholders of the relevant Vessel Company.

(g) if a shareholder intends to transfer its shares in a joint venture company, it is required to serve notice to the joint venture company. If the other shareholder declines to purchase the selling shareholder's shares within 28 days, the selling shareholder will be at liberty to sell the shares to a third party.

(h) the shareholders' agreement will be terminated, in limited circumstances, including amongst other things:

(i) if mutually agreed by the shareholders;

(ii) if the number of shareholders falls to one; or

(iii) if the relevant vessel is sold or otherwise disposed of.

Transactions with joint venture partners

(1) ***Time Charters***

Currently, four of the jointly-controlled Vessel Companies and one entity in which the Wah Kwong Maritime Group has a 16.7% interest have entered into charter party transactions with chartering companies that are related to the Company's joint venture partners. These are as follows:

Vessel Company	Charterer	Relevant joint venture partner	Date of contract (dd/mm/yy)
Great Hope Enterprises Limited (ARDENNE VENTURE)	Euronav NV	Euronav NV	31/03/2003
Komati Shipping Limited (CHINA VENTURE)	Bocimar Belgium NV	Bocimar Hong Kong Limited/CMB	14/09/2005
Regal Land International Limited (WBC 93-01)	Bocimar International NV	Bocimar Hong Kong Limited/CMB *(Note 2)*	26/04/2008 *(Note 3)*
Belvedere Capital Trading Ltd (WBC 93-02)	Bocimar International NV	Bocimar Hong Kong Limited/CMB *(Note 2)*	26/04/2008 *(Note 3)*
Cape Asia Newbuildings Limited (MINERAL CAPEASIA)	Bocimar Belgium NV	Bocimar/CMB *(Note 1)*	03/12/2004

The terms and conditions of the time charter agreements with the above charterers are on substantially the same terms and conditions as with charterers which are not related to a joint venture partner.

Note 1: Neither Bocimar nor CMB is a joint venture partner of Cape Asia Newbuildings Limited. Companies within the CMB group are, however, joint venture partners of other Vessel Companies. Bocimar Hong Kong Limited is a joint venture partner in relation to Clear Mountain Shipping Limited, Ever Progress Trading Limited, Komati Shipping Limited, Regal Land International Limited and Belvedere Capital Trading Ltd. CMB is a joint venture partner in relation to Bright Time Holdings Limited.

Note 2: Bocimar Hong Kong Limited holds a 25% interest in each of Regal Land International Limited and Belvedere Capital Trading Ltd.

Note 3: On 26 April 2008 the terms on which this vessel will be chartered to Bocimar International NV or a nominee guaranteed by it were agreed. The formal time charter party has not yet been executed.

(2) ***Commercial Management Agreements***

Commercial management agreements have been entered into by Bocimar International NV with the following jointly controlled Vessel Companies:

(a) Ever Progress Trading Limited; and

(b) Clear Mountain Shipping Limited.

In addition, the shareholders' agreement for each of the following jointly controlled Vessel Companies provide for a commercial management agreement to be signed with a joint venture partner or an entity that is related to that joint venture partner upon expiry of the existing time charter party:

(a) by Komati Shipping Limited with Bocimar NV; and

(b) by Great Hope Enterprises Limited with Euronav NV.

The key terms of the commercial management agreements mentioned above are summarised below:

(a) the commercial manager is appointed by the jointly controlled Vessel Company to do and perform all acts, deeds, matters and things which may be necessary or expedient for the performance or provision of the commercial management services, including:

  (i) to seek, negotiate and conclude employment for the vessel whether by way of charterparty or contract of affreightment (subject to the prior written approval of the jointly controlled Vessel Company for any contract of employment concluded for a period equal to or exceeding one year); and

  (ii) to attend to all matters relating to the administration and performance of any contracts of employment for the vessel;

(b) the commercial manager undertakes to use its best endeavours to:

  (i) manage all commercial matters relating to the vessel efficiently for the owners so far as is reasonably practicable and in accordance with the owner's instructions as advised to the manager from time to time;

  (ii) protect and promote the interests of the owner in all matters directly or indirectly relating to all commercial matters pertaining to the vessel and the operation and trading of the vessel; and

  (iii) manage all matters relating to the commercial operation and administration of the vessel;

(c) the commercial manager does not charge a fee for providing the commercial management services under the commercial management agreements. However, the commercial manager is reimbursed any reasonable costs and disbursements;

(d) the appointment of the commercial manager takes effect from the date of the agreement and continues until terminated on not less than three months prior written notice by either party to the other;

(e) the commercial manager may terminate the commercial management agreement in certain circumstances, including if the owner ceases to be the owner of the vessel. Either party may also terminate the commercial management agreement in certain circumstances, including for insolvency related events; and

(f) the jointly controlled Vessel Company indemnifies the commercial manager against all actions and claims relating to the provision of the services, except in the case of gross negligence of the commercial manager.

The agreed form of the shareholders' agreement for each of Regal Land International Limited and Belvedere Capital Trading Ltd provides for the appointment of Bocimar International NV as the commercial manager.

Transactions with WKS Management

The jointly controlled Vessel Companies have entered into transactions with WKS Management (a member of the Wah Kwong Holdings Group and a connected person of the Company under the Hong Kong Listing Rules) as set out below:

(a) WKS Management has entered into technical management agreements with each of the following jointly controlled Vessel Companies as set out in the table below:

Counterparty	Date of Contract	Monthly Fee
Belvedere Capital Trading Ltd	17 May 2008	US$10,000
Bright Time Holdings Limited	24 October 2003	US$9,000
Chainhurst Limited	17 October 2007	US$9,000
Clear Mountain Shipping Limited	18 June 2007	US$9,000
Elegance Carriers, Inc.	9 July 2004	US$9,000
Ever Progress Trading Limited	18 June 2007	US$9,000
Great Hope Enterprises Limited	20 February 2003	US$10,000
Great Era Investment Limited	18 June 2003	US$10,000
Komati Shipping Limited	15 September 2005	US$9,000
New Pacific Shipping Limited	22 May 2007	US$9,000
Regal Land International Limited	1 March 2008	US$10,000

For the three years ended 31 March 2005, 2006 and 2007 and nine months ended 31 December 2007, the technical management fees paid by the Group in respect of the jointly controlled Vessel Companies to WKS Management amounted to approximately US$78,000, US$156,000, US$278,000 and US$212,000 respectively.

(b) WKS Management has entered into shipbuilding supervision agreements with each of the following jointly controlled Vessel Companies as set out in the table below:

Counterparty	Date of Contract	Lump Sum Fee
Belvedere Capital Trading Ltd	17 May 2008	US$550,000
Chainhurst Limited	17 October 2007	US$500,000
Clear Mountain Shipping Limited	18 June 2007	US$400,000
Ever Progress Trading Limited	18 June 2007	US$400,000
Regal Land International Limited	1 March 2008	US$550,000

The supervision fee paid by the Group in respect of the jointly controlled Vessel Companies for the three years ended 31 March 2005, 2006 and 2007 and for the nine months ended 31 December 2007 was US$963,000, US$769,000, US$119,000 and nil respectively.

The terms and conditions of the technical management agreements and the shipbuilding supervision agreements that have been entered into by the jointly controlled Vessel Companies are on substantially the same terms and conditions as the technical management agreements and shipbuilding supervision agreements described in the section headed "Relationship with Wah Kwong Holdings — Connected Transactions" in this prospectus.

Transfer of a vessel from the Wah Kwong Holdings Group to the Wah Kwong Maritime Group

Welwin Shipping Limited ("Welwin"), an entity that is jointly controlled by Wah Kwong Newbuildings Limited (a wholly owned subsidiary of Wah Kwong Holdings) and U-Ming Marine Transport (Singapore) Private Limited has entered into a shipbuilding contract for the construction of a 177,000 DWT bulk carrier SWS Hull No H1149 by Shanghai Waigaoqiao Shipbuilding Co Ltd and China Shipbuilding Trading Co Ltd (together the "Sellers"). Under this shipbuilding contract the Sellers agree to construct, and upon completion, sell and deliver the vessel to Welwin. The purchase price payable by Welwin to the Sellers for the vessel is adjusted for USD vs RMB currency exchange fluctuations and is payable in 5 installments at various stages during the construction of the vessel, with the final installment being payable on delivery.

On 27 November 2007, Welwin agreed to sell this vessel to Winyield Investments Limited ("Winyield"), a joint venture company in which each of Rosine Holdings S.A., a wholly owned subsidiary of the Company and U-Ming Marine Transport (Singapore) Private Limited has a 50% interest. The vessel is to be delivered to Winyield when the vessel is delivered by the Sellers to Welwin under the shipbuilding contract. The purchase price payable by Winyield to Welwin for the vessel is equal to the price payable by Welwin to the Sellers under the shipbuilding contract, to be paid in 5 installments at the same times and subject to the same currency exchange adjustments as the purchase price under the shipbuilding contract.

The agreement between Welwin and Winyield provides for the following ongoing relationship between them prior to delivery of the vessel:

(a) Welwin has agreed to assist Winyield in recovery of any claims that Winyield may make to the Sellers after delivery of the vessel by exercise of Welwin's rights under the shipbuilding contract;

(b) Welwin agrees not to cancel the shipbuilding contract without giving 4 days' notice to Winyield; and

(c) Winyield reimburses Welwin for amounts payable by Welwin to WKS Management pursuant to the shipbuilding supervision agreement between Welwin and WKS Management.

In connection with this sale of the vessel from Welwin to Winyield, each of the Company and U-Ming Marine Transport (Singapore) Private Limited, as the shareholders of Winyield, has provided a guarantee to Welwin, conditional on Listing each guaranteeing payment by Winyield of 50% of the amounts due and payable to Welwin as the second, third and fourth instalments of the purchase price for the vessel (with each instalment being US$8,000,000). The liability of the Company, and the maximum amount that the Company is obliged to pay under this guarantee is limited to 50% of the remaining amount outstanding in respect of these instalments.

By a letter of guarantee dated 19 February 2008, conditional on Listing, the Company agreed in favour of The Sanko Steamship Co. Ltd. to guarantee the performance by Winyield Investments Limited of its obligations under the charter party agreement between The Sanko Steamship Co. Ltd. and Welwin Shipping Limited as novated to Winyield Investments Limited. U-Ming Marine Transport (Singapore) Private Limited has provided a counter indemnity in favour of the Company in respect of 50% of all responsibilities and liabilities incurred by the Company and any amounts paid by the Company to The Sanko Steamship Co. Ltd in accordance with its guarantee.

OVERVIEW

The Company invests in and operates a modern bulkcarrier and tanker fleet which trades on time charter agreements with major charterers, engaged in the maritime transport of cargoes for which the vessels in Our Fleet are suitable to carry, being primarily iron ore, coal and grain for our bulkcarriers and crude oil and refined products for our tankers.

RELATIONSHIP WITH WAH KWONG HOLDINGS

Wah Kwong Holdings is the holder of 100% of the issued share capital of the Company, being 100 Shares. Following the allotment of Shares immediately prior to Listing in connection with the Reorganisation as described in the sub-section entitled "Issue of Shares in the Company to Wah Kwong Holdings" of Appendix VII to this prospectus, Wah Kwong Holdings will continue to hold 100% of the issued share capital of the Company, holding 375,000,000 Shares. Immediately following completion of the Global Offering (assuming the Over-Allotment Option is not exercised), Wah Kwong Holdings will be interested in approximately 75% of the issued share capital of the Company.

WAH KWONG HOLDINGS' BUSINESS

Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group) invests in and operates vessels used to transport LPG. Wah Kwong Holdings currently holds interests in two LPG vessels and has a series of ten small LPG tankers on order at shipyards in Japan. These are specialised vessels which carry LPG which is stored under pressure and/or refrigeration to maintain its liquid state.

These vessels operate in distinctly different markets and trades and with a different customer base to bulkcarriers and tankers. Hence LPG ship owners and charterers do not compete with oil tanker and bulkcarrier owners and charterers. Accordingly, due to the nature of their cargo and the specialist characteristics of their design, the Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group) does not compete with the Wah Kwong Maritime Group's bulkcarrier or tanker business. The businesses of the Wah Kwong Maritime Group and the Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group) are delineated.

Wah Kwong Holdings has no intention to inject its LPG shipping business into the Group, nor has it given an option to the Group to acquire the LPG shipping business. The Group's strategy is to maintain a focused fleet of bulkcarrier and oil tanker. The inclusion of only the bulkcarrier and oil tanker business in the listing group allows investors to invest in these shipping sectors which may be of interest to them rather than invest in a shipping conglomerate which may give unwanted diversity to its interests.

The management of Wah Kwong Holdings and the Company believe that the separate listing of the bulkcarrier and tanker fleet will enable these businesses to grow and expand given the funding raised through the listing and access to the capital markets. The shipping sectors in which the Wah Kwong Maritime Group is engaged are clearly defined and do not compete with that of the LPG business of the Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group). Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group) intends to continue to engage in the business of investing in and operating of ships, other than the bulkcarrier and oil tanker sectors.

Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group) also invests in PRC properties and has also had investments in various other industries including property and hotel operation. By separation of the bulkcarrier and oil tanker business into the Listing, the Company can focus on its principal lines of business and Wah Kwong Holdings is free to seek other investment opportunities without detracting from the focus of Wah Kwong Maritime Group.

Independence from the Wah Kwong Holdings Group

The Company is satisfied that the Wah Kwong Maritime Group can carry on its business independently of the Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group) after the Company is listed on the Hong Kong Stock Exchange by virtue of the following:

(a) *Independence of board and management*

Wah Kwong Holdings and the Company have boards of directors that function independently of each other. Names of the directors of the Company and Wah Kwong Holdings and the positions or roles of the relevant directors in the Group and Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group) are set out below:

Names of directors	**Positions/roles in the Group**	**Positions/role in the Wah Kwong Holdings Group (excluding the Group)**
CHAO, George Sze Kwong *(Note)*	Executive Chairman	Executive Chairman
CHAO, Sih Ming Sabrina *(Note)*	Vice chairman and chief financial officer	Deputy Managing Director
HUXLEY, Timothy Scott	Chief executive officer	No position or role
KAM, Koon Tong David	Executive Director Qualified accountant Company secretary Financial controller	No position or role
CHEN, Zhong Biao	Non-executive Director	No position or role
CRIEL, Ludwig P.M. *(Note)*	Non-executive Director	Managing Director
LO, Ka Shui	Independent non-executive Director	No position or role
NEWBIGGING, David Kennedy	Independent non-executive Director	No position or role
SIBLEY, Nicholas Theobald	Independent non-executive Director	No position or role
TAN, Man Kou	Independent non-executive Director	No position or role

Note: Chao George Sze Kwong, Chao Sih Ming Sabrina and Ludwig Criel are the common directors of the Company and Wah Kwong Holdings

Although there are some common directors between Wah Kwong Holdings and the Company (being Mr. Chao George Sze Kwong, Ms. Chao Sih Ming Sabrina and Mr. Ludwig Criel), the majority of the Directors are not directors of Wah Kwong Holdings and the Company has four independent non-executive Directors which are not overlapping. The employment arrangements for the two Executive Directors who perform services for both the Wah Kwong Holdings Group and the Wah Kwong Maritime Group (being Mr. Chao George Sze Kwong who acts as Executive Chairman for both the Company and Wah Kwong Holdings and Ms. Chao Sih Ming Sabrina who acts as the vice chairman and chief financial officer of the Company and as deputy managing director of Wah Kwong Holdings) have been structured so that these two Directors give priority to the Wah Kwong Maritime Group and devote such time as is reasonably necessary to perform their duties to the Wah Kwong Maritime Group. This is achieved in the following manner:

(i) Mr. George Chao and Ms. Sabrina Chao have entered into separate employment agreements with Wah Kwong Shipping Agency Company Limited, a wholly owned subsidiary of Wah Kwong Holdings and Wah Kwong Maritime Agency Company Limited, a wholly owned subsidiary of the Company.

(ii) Their employment agreements with Wah Kwong Maritime Agency Company Limited require them to:

(aa) work such hours as are reasonably necessary to perform their duties for the Wah Kwong Maritime Group (devoting more than 50% of their normal working hours to such duties); and

(bb) give priority to their duties for the Wah Kwong Maritime Group over their duties to the Wah Kwong Holdings Group.

(iii) Their employment agreements with the Wah Kwong Holdings Group require them to work such hours as are reasonably necessary to perform their duties for the Wah Kwong Maritime Group (devoting more than 50% of their normal working hours to such duties) in priority over the performance of their duties for the Wah Kwong Holdings Group.

As executive chairman of the Wah Kwong Maritime Group, Mr. George Chao is responsible for:

- working with input from the chief executive officer to develop the Wah Kwong Maritime Group's strategy and oversee its implementation, subject to the approval and oversight of the Board as a whole;
- the leadership of the Board and ensuring its effectiveness and setting its agenda;
- ensuring that the Directors receive reliable, complete and timely information;
- ensuring effective communication with Shareholders;

- providing a performance evaluation of the Board, its committees and individual Directors; and

- facilitating effective contributions of non-executive Directors and relations between executive and non-executive Directors.

As executive chairman of the Wah Kwong Holdings Group, Mr. George Chao is responsible for working with input from the managing director to develop the Wah Kwong Holdings Group's strategy and oversee its implementation, subject to the approval and oversight of the board of directors as a whole and for the leadership of the board of directors.

Ms. Sabrina Chao:

- as vice chairman of the Wah Kwong Maritime Group, assists Mr. George Chao in the performance of his duties as executive chairman of the Wah Kwong Maritime Group;

- as chief financial officer of the Wah Kwong Maritime Group, is responsible for providing the Board with annual business plans, budgets, cash flow projection, forecasts, long term plans and variance analyses; and

- as deputy managing director of Wah Kwong Holdings Group, is responsible for assisting Mr. George Chao in his role as the executive chairman and Mr. Ludwig Criel in his role as managing director.

Mr. Ludwig Criel is a non-executive Director and is not involved in the daily management and operation of the Wah Kwong Maritime Group. In addition, the senior management of the operating subsidiaries within the Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group) and the Wah Kwong Maritime Group are independent of each other.

(b) *Separate lines of business*

The Wah Kwong Maritime Group operates oil tankers and bulkcarriers and the Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group) operates LPG tankers. Please refer to the section headed "Wah Kwong Holdings' Business" above for more information on the business of the Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group).

(c) *Independent financial viability*

As illustrated in the section headed "Financial Information" of this prospectus, the Directors believe that the Wah Kwong Maritime Group has the ability to support its own operations following the Reorganisation and the Listing. All outstanding balances (in respect of borrowings) with the Wah Kwong Holdings Group (other than those which are trade in nature) will be capitalised prior to Listing or will be repaid either prior to Listing or upon Listing from the proceeds of the Global Offering. In addition, as specified in Appendix VII "Statutory and General Information — Reorganisation", all guarantees provided by Wah Kwong Holdings in respect of the obligations of the Vessel Companies are replaced, in some cases conditional on Listing, with guarantees by the Company.

As disclosed in Appendix I to this prospectus, prior to completion of the Reorganisation, the bank loans of the Group were guaranteed by Wah Kwong Holdings. The Group is able to obtain banking facilities independently of Wah Kwong Holdings. On completion of the Reorganisation and, in some cases conditional upon the Listing, the Company has replaced Wah Kwong Holdings as the guarantor in relation to these banking facilities for each relevant Vessel Company. In those cases where the change of guarantor is conditional on Listing, the documentation effecting the change has been executed and the change in guarantor is conditional only on the occurrence of the Listing. Upon Listing the change in guarantor will be automatically effective without the requirement for any further action on the part of any person. Set out below is further information relating to the independent financial viability of the Group:

(i) As disclosed in Appendix I to this prospectus and in the sub-sections entitled "Financial Information — Financial Resources" and "Financial Information — Advances from and amounts due to ultimate holding company and fellow subsidiaries" in this prospectus, as at 31 December 2007, the Wah Kwong Maritime Group had liabilities owing to the Wah Kwong Holdings Group in the sum of US$98.82 million. As at the Latest Practicable Date, these liabilities were US$125.49 million. These liabilities will be settled as follows: (i) an amount of US$6.38 million will be repaid to Wah Kwong Holdings prior to Listing; (ii) an amount of US$71.63 million will be capitalised prior to Listing; and (iii) the balance of such advances totaling US$47.48 million will be repaid upon Listing from the proceeds of the Global Offering. Following the Listing, there will be no outstanding loans payable from the Company to Wah Kwong Holdings.

(ii) As disclosed in the sub-section of this prospectus headed "Financial Information — Advances from and amounts due to ultimate holding company and fellow subsidiaries", as at 31 December 2007, amounts due to fellow subsidiaries of the Wah Kwong Maritime Group amounted to US$2.38 million. As at the Latest Practicable Date, the non-trade portion of the amounts due to fellow subsidiaries was US$5.94 million which will be repaid prior to Listing. The other part of amounts due to fellow subsidiaries are trade in nature and will remain outstanding as a liability of the Group. The Company has established a treasury company, Wah Kwong Maritime Finance Limited, which is wholly owned by the Company and is operated independently of Wah Kwong Holdings.

(d) *Independent business operations*

Following the Reorganisation, the Wah Kwong Maritime Group does not rely on the Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group) for any assets or services necessary to conduct its business (except as set out in the sub-section headed "Connected Transactions" below). Notwithstanding that the Group has outsourced the technical management and shipbuilding supervision of the Fleet to WKS Management, the Directors consider that the Group operates independently of the Wah Kwong Holdings Group. The technical management and shipbuilding supervision arrangements between the Company's subsidiaries, the jointly controlled entities and the two companies held as to 16.7% by the Group and WKS Management are not exclusive and in the event of the termination of any of the current technical management

and shipbuilding supervision arrangements with WKS Management, third party technical managers will be engaged. As described in further detail in the sub-section headed "Business — Our Business Operations — technical management" above, with our bulkcarrier Fleet, we expect little to short-term disruptions and with our tanker Fleet, we expect longer term disruptions arising from a change in third party technical managers.

The Wah Kwong Maritime Group has established a 'head-office' function that is independent of the Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group). This almost exclusively involves duplication of assets of, and functions performed for, the business operations of the Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group). In addition, the involvement of the Wah Kwong Holdings Group (excluding Wah Kwong Maritime Group) in the business operation is restricted in the proposed manner as set out below:

(i) *Limited involvement of Wah Kwong Holdings Group (excluding Wah Kwong Maritime Group)*

(aa) twelve employees, including senior management personnel, of Wah Kwong Shipping Agency Company Limited have been transferred to Wah Kwong Maritime Agency Company Limited as part of the Reorganisation;

(bb) as described in the sub-section of this prospectus entitled "Relationship with Wah Kwong Holdings — Independence of board and management" above, each of Mr George Chao and Ms Sabrina Chao have entered into employment agreements in relation to each of the Wah Kwong Holdings Group (excluding Wah Kwong Maritime Group) and the Wah Kwong Maritime Group;

(cc) the lease of Unit 2103 on the 21st floor of Shanghai Industrial Investment Building has been novated by Wah Kwong Shipping Agency Company Limited to Wah Kwong Maritime Agency Company Limited, a wholly-owned subsidiary of the Company, effective 1 December 2007;

(dd) one Mercedes Benz motor vehicle has been transferred from each of Wah Kwong Shipping Agency Company Limited and Wah Kwong Shipping Group Limited to Wah Kwong Maritime Agency Company Limited;

(ee) Wah Kwong Holdings has licenced the Wah Kwong trade marks to the Company for use by the Group (Please refer to the sub-section entitled "Connected Transactions — Exempt Continuing Connected Transaction" below); and

(ff) WKS Management continues to provide services under the shipbuilding supervision agreements and the technical management agreements as set out in the sub-section entitled "Connected Transactions — Non-exempt Continuing Connected Transaction" below.

(ii) *Independent business functions*

Except as specified above, following the Reorganisation and relocation to our new premises, the Wah Kwong Maritime Group does not rely on the Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group) for any assets, premises or services necessary to conduct its business. In particular, except as specified above:

(aa) all plant and equipment required for the conduct of the Wah Kwong Maritime Group's head office functions (including all necessary computers, printers, fax machines, telephone systems, email systems, software programmes, photocopiers, furniture, stationery etc.) has been acquired independently by Wah Kwong Maritime Agency Company Limited;

(bb) the Wah Kwong Maritime Group does not have the benefit of any existing contracts that the Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group) have with third parties but has entered into independent contracts with third party providers;

(cc) all administrative functions including sales, marketing, purchasing and accounting required by the Wah Kwong Maritime Group are provided internally by the Wah Kwong Maritime Group and independently of the administrative functions of the Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group); and

(dd) the premises occupied by the Wah Kwong Maritime Group are separated from premises occupied by the Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group) and are under tenancies entered into with independent third parties on normal commercial terms.

(e) *Non-reliance on trade marks*

Under the Trade Mark Licence, Wah Kwong Maritime Group is obtaining the benefit of the goodwill of the Wah Kwong name for no fee. However, as the key assets of the Group are its interests in vessels, the Directors consider that the commercial operations of the Wah Kwong Maritime Group are not dependent on the trade marks licensed to the Group and would not be significantly affected if the Wah Kwong Maritime Group were to cease to operate under the Wah Kwong name. Notwithstanding this, as disclosed in the sub-section entitled "Connected Transactions — Exempt Continuing Connected Transaction" below, the Trade Mark Licence is perpetual and may be terminated only in limited circumstances.

(f) *No material conflict of interests*

As the businesses of the Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group) and the Wah Kwong Maritime Group are delineated, the Directors consider that there will not be any material conflicts of interest between the overlapping Directors of the Wah Kwong Holdings Group and the Company, being Mr. Chao George Sze Kwong (Executive Chairman),

Ms. Chao Sih Ming Sabrina (vice chairman and chief financial officer) and Mr. Ludwig Criel (who, as a non- Executive Director, is likely to have limited scope for any material conflicts of interest with the Company). The Company has also implemented the corporate governance measures set out in the sub-section headed "Corporate governance measures and conflicts of interest" below in this section to effectively manage potential conflicts of interest. The Directors also consider that the seven non-common Directors (including the four independent non-executive Directors) have the professional and industrial knowledge and experience in order for the Board to function effectively in the event that there is a material conflict of interest and the three common Directors are conflicted from performing their duties as a Director.

Non Competition Deed

In order to maintain the delineation of the businesses of the Wah Kwong Maritime Group and of the Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group), Wah Kwong Holdings has executed a deed of non-competition ("**Non-Competition Deed**") with the Company pursuant to which Wah Kwong Holdings has agreed that, conditional upon, amongst other things, the Global Offering becoming unconditional, and for so long as Wah Kwong Holdings is a controlling shareholder (as defined in the Hong Kong Listing Rules) of the Company and the Shares of the Company remain listed on the Hong Kong Stock Exchange, neither Wah Kwong Holdings nor any company which it controls shall carry on the business of (a) building or owning (whether directly or indirectly, and whether in partnership or joint venture) any interest in bulkers or tankers; or (b) operating or chartering bulkers or tankers; or (c) financing bulkers or tankers; or (d) providing commercial or technical management or supervisory services in connection with the building, operation, acquisition or sale of bulkers or tankers.

The only exceptions to the above relate (a) to the provision of technical management or supervisory services to the Company or companies which the Company directly or indirectly controls or in which the Company has a direct or indirect shareholding; (b) to the provision of technical or supervisory services in the ordinary course of business in connection with the building, or operation of bulkers or tankers built, owned, chartered or operated by persons other than Wah Kwong Holdings and any company which it controls; and (c) to anything which has been approved by the independent shareholders of the Company by a majority vote taken by poll at a general meeting of the Company convened and held.

Under the Non-Competition Deed, Wah Kwong Holdings has further undertaken to:

(a) procure all information relevant to the implementation of the Non-Competition Deed in the possession of the Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group) to be provided to the Company; and

(b) provide the Company, within 10 business days from the receipt of our written request, with a written confirmation in respect of compliance by the Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group) with the Non-Competition Deed and consent to the inclusion of such confirmation in our annual report or announcement.

Wah Kwong Holdings, for itself and on behalf of the Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group), has also acknowledged that we may be required by applicable laws, regulations, rules of any stock exchange(s) or regulatory bodies to disclose, from time to time, information on the implementation of the Non-Competition Deed and has agreed to such disclosure to the extent necessary to comply with such requirements.

Corporate governance measures and conflicts of interest

The businesses of the Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group) and the Wah Kwong Maritime Group are delineated and do not compete with one another. Therefore, there will not be any material conflicts of interest between the Group and either of the Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group) or the Directors.

However, the Company has implemented the following corporate governance practices to manage any potential conflicts of interest:

(a) Wah Kwong Holdings has executed the Non-Competition Deed with the Company on the terms described in the sub-section headed "Non-Competition Deed" above.

(b) The employment arrangements of the two Executive Directors who perform services for both the Wah Kwong Holdings Group and the Wah Kwong Maritime Group (being Mr. George Chao and Ms. Sabrina Chao) have been structured so that these Directors will devote such time as is reasonably necessary to perform their duties to the Company.

(c) Under the Company's internal controls and procedures manual, if a substantial Shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter is not to be dealt with by way of circulation or by a committee but a Board meeting must be held. Independent non-executive Directors, who, and whose associates, have no material interest in the transaction must be present at such Board meeting. These provisions reflect the Code on Corporate Governance Practices set out in Appendix 14 to the Hong Kong Listing Rules.

(d) The Company will also comply with Rule 13.44 of the Hong Kong Listing Rules pursuant to which, a Director cannot vote on any Board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest and that Director cannot be counted in the quorum present at the meeting. The Articles also provide that a Director who has material conflict of interest in any contract, arrangement or any other proposal may not vote or be counted in the quorum of the relevant Board meeting.

(e) All matters considered by the Board which involve transactions between our Company and the Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group) and/or its associates will be considered and voted on solely by the independent non-executive Directors and decided by majority vote, subject further to the requirements under the applicable legislation and the regulatory and contractual requirements, if any.

(f) Our independent non-executive Directors will, based on the information available to them, including information and confirmations provided by or obtained from the Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group), review (i) the compliance with the Non-Competition Deed by Wah Kwong Holdings at least on an annual basis and (ii) all the decisions taken in relation to taking actions (or delay or failure in taking such actions) against Wah Kwong Holdings' non-compliance of the Non-competition Deed.

(g) The Company will disclose decisions on matters reviewed by the independent non-executive Directors as referred to in paragraph (f) above in its annual report or, where the Board considers appropriate, by way of announcement. Disclosure on how the Non-competition Deed is complied with and enforced will be made consistent with the principles of making voluntary disclosures in the Corporate Governance Report.

Based on the above, the Directors are satisfied that the Group has in place adequate corporate governance measures in respect of any potential conflicts of interest to safeguard the interests of the Shareholders.

CONNECTED TRANSACTIONS

Following completion of the Global Offering, there will be continuing transactions between our Group and members of the Wah Kwong Holdings Group (excluding Wah Kwong Maritime Group). Wah Kwong Holdings is a substantial Shareholder of our Company and is therefore a connected person of our Company. Any transactions entered into between the Wah Kwong Holdings Group (excluding Wah Kwong Maritime Group) and our Group will, therefore, constitute connected transactions for our Company under the Hong Kong Listing Rules upon Listing and for so long as Wah Kwong Holdings remains a substantial Shareholder of our Company.

The Company has entered into an agreement with Wah Kwong Holdings regarding those non-exempt continuing connected transactions on the terms set out in the sub-section entitled "Relationship with Wah Kwong Holdings — Master Deed relating to Connected Transactions" below in this prospectus.

Details of the continuing connected transactions between our Group and the Wah Kwong Holdings Group (excluding Wah Kwong Maritime Group) are set out below:

(1) Exempt Continuing Connected Transaction

Prior to the Listing Date, members of the Wah Kwong Maritime Group have been using the Wah Kwong, Wah Kwong , (A) (B) and 華光 trade marks of Wah Kwong Holdings for its shipping business.

In anticipation of the Listing, new applications have been filed by Wah Kwong Holdings in China and Hong Kong in respect of the mark.

On 19 May 2008, the Company and Wah Kwong Holdings entered into a Trade Mark Licence.

Under the terms of the Trade Mark Licence, Wah Kwong Holdings agrees to maintain the registration of such Trade Marks during the term of the Trade Mark Licence once the Trade Marks are registered.

The Trade Mark Licence is royalty free. The Trade Marks under the Trade Mark Licence are licensed to the Wah Kwong Maritime Group on a non-exclusive basis. Wah Kwong Holdings retains the right to use the Trade Marks. The Trade Mark Licence is perpetual and may be terminated if Wah Kwong Holdings ceases to be a controlling Shareholder. The Trade Mark Licence may also be terminated by Wah Kwong Holdings if, amongst other things, (i) the Company materially breaches the Trade Mark Licence and that failure or breach is incapable of remedy or, if capable of remedy, continues for 20 business days after the Company is given a notice by Wah Kwong Holdings requiring the breach to be remedied; (ii) the Company ceases to carry on business; or (iii) an insolvency related event happens to the Company. With respect to any Trade Marks that expire during the term of the Trade Mark Licence, Wah Kwong Holdings will renew the Trade Marks and continue to license them to the Group throughout the term of the Trade Mark Licence.

The Trade Mark Licence therefore enables the Wah Kwong Maritime Group to use the Trade Marks in its shipping business after the Listing Date. The Trade Marks referred to above have not been transferred to the Wah Kwong Maritime Group as the same Trade Marks will need to be used by the Wah Kwong Holdings Group in relation to its business (which is different from our business).

Further particulars of the Trade Marks are set out in the section headed "Further Information about our Business — Our Trademarks/Intellectual Property Rights" in Appendix VII to this prospectus.

Given that each of the applicable percentage ratios (other than the profit ratio) under Chapter 14 of the Hong Kong Listing Rules in respect of the above transaction is less than 0.1%, the transaction under the Trade Mark Licence will be exempted from the reporting, announcement and the independent shareholders' approval requirements contained in Chapter 14A of the Hong Kong Listing Rules.

(2) Non-exempt Continuing Connected Transactions

(a) ***Shipbuilding supervision arrangement***

In addition to the shipbuilding supervision agreements WKS Management has entered into with jointly controlled Vessel Companies of the Group previously described, WKS Management provides shipbuilding supervision services to the wholly owned subsidiaries of the Company during the construction phase of the relevant vessels.

Under each shipbuilding supervision agreement that has been entered into by the wholly owned Vessel Companies, WKS Management as the supervisor, agrees to provide supervision services to the relevant wholly owned Vessel Company to ensure that a vessel is built and delivered in accordance with the design set out in the relevant shipbuilding contract ("**Supervision Agreement**"). Each Supervision Agreement operates for the duration of the construction of the vessel and terminates once the vessel has been delivered. Accordingly, the Supervision Agreements are, by their nature, not for a fixed term. The Directors and the Joint Sponsors are of the view that it is normal business practice that shipbuilding supervision arrangements of this type can be maintained for a period longer than three years. As described in the sub-section of this prospectus below entitled "Relationship with Wah Kwong Holdings — Master Deed relating to Connected Transactions" the Company and Wah Kwong Holdings have entered into an agreement whereby they agree that each of the then existing Supervision Agreements will be approved by the independent shareholders of the Company every three years and, if any Supervision Agreement is not so approved, each of the Company and Wah Kwong Holdings will procure that the relevant Supervision Agreement is terminated.

Set out below is the summary of the key terms of the typical Supervision Agreement:

(A) WKS Management's scope of work includes:

(i) supervising construction of the vessel, which includes installing equipment to ensure compliance with the shipbuilding contract, and approving or disapproving work carried out by the shipbuilder;

(ii) attending tests and trials of the vessel;

(iii) reporting non-compliance with the approved drawings to the builder and using best efforts to ensure rectification by the shipbuilder of such non-compliance;

(iv) advising the relevant Vessel Company of any defect to or deficiency in the vessel;

(v) making recommendations as to changes to the shipbuilding contract;

(vi) checking of delivery documents; and

(vii) periodic reporting to the relevant Vessel Company regarding progress of the construction of the vessel; and

(B) the relevant Vessel Company indemnifies and holds WKS Management free and harmless from all and any claims of whatsoever kind or nature for any damages, loss, expenses or costs whatsoever caused to the relevant Vessel Company and/or the shipbuilder and/or to any third party whosoever in respect of the services provided by WKS Management unless it is established that such damages, loss, expenses or costs were directly incurred by the willful misconduct or gross negligence on the part of WKS Management.

Under the Supervision Agreements, the fees for providing the supervision services are payable by each Vessel Company to WKS Management and currently amount to US$300,000 to US$500,000 in total for each Supervision Agreement. Pursuant to the terms of the Supervision Agreements, the fee is payable in four equal instalments upon the occurrence of certain events relating to the construction and delivery of the vessel. If the construction of a vessel is delayed and the period in which the supervisor is stationed at the relevant shipbuilding yard exceeds 12 full months, the relevant Vessel Company is required to pay an additional fee under the Supervision Agreements, which currently ranges from US$25,000 to US$40,000 per month on a pro-rata basis. The supervision services fee under each Supervision Agreement is a market related fee and is based on the Group's ongoing benchmarking process of shipbuilding supervision services in Hong Kong.

The Group did not pay any fees to WKS Management in respect of the Supervision Agreements relating to the wholly owned subsidiaries of the Group for the three financial years ended 31 March 2005, 31 March 2006 and 31 March 2007 respectively and for the nine months ended 31 December 2007. The previous practice of the Wah Kwong Holdings Group was not to charge each wholly owned Vessel Company for supervision fees. However, each wholly owned Vessel Company which currently has a vessel in the construction phase has entered into a supervision agreement with WKS Management and will have to pay the relevant supervision fees in accordance with the relevant Supervision Agreement.

(b) ***Technical Management Agreements***

WKS Management provides technical management services to the Group during the operative phase of the vessel.

In addition to the technical management agreements WKS Management has entered into with jointly controlled Vessel Companies of the Group previously described, WKS Management has or will enter into technical management agreements with all of the Group's wholly owned Vessel Companies (collectively, the "**Technical Management Agreements**").

The Vessel Company will generally appoint a technical manager to provide technical management for the vessel with effect from, on or about, the date of delivery of the vessel. The services provided under the Technical Management Agreement will generally include:

(i) arranging the crewing of ships;

(ii) arranging the provision of stores;

(iii) arranging insurance and processing of related claims;

(iv) compliance with the International Safety Management Code (ISM Code) and all international and flag state requirements; and

(v) arranging ongoing ship maintenance (including periodic dry docking).

Each Technical Management Agreement is terminable at will by the Vessel Company upon two or three months notice and by its nature is not for a fixed term. The Directors and the Joint Sponsors are of the view that it is normal business practice that technical management arrangements of this type can be maintained for a period longer than three years. In addition, either party may terminate WKS Management's appointment by immediate notice:

(i) where any monies owed between the parties remain unpaid for ten days from the date on which notice demanding payment was received; or

(ii) where the Vessel Company ceases to own the vessel or in circumstances where the vessel is otherwise lost, detained or confiscated by any government, in which case WKS Management will receive two months' remuneration.

As described in the sub-section of this prospectus below entitled "Relationship with Wah Kwong Holdings — Master Deed relating to Connected Transactions", the Company and Wah Kwong Holdings have entered into an agreement whereby they agree that each of the then existing Technical Management Agreements will be approved by the independent shareholders of the Company every three years and, if any Technical Management Agreement is not so approved, each of the Company and Wah Kwong Holdings will procure that the relevant Technical Management Agreement is terminated.

Under the Technical Management Agreements, each Vessel Company pays to WKS Management a monthly fee of US$9,000 — US$10,000. In addition to this monthly fee, each Vessel Company is also required to reimburse the technical manager for all disbursements, costs and expenses reasonably incurred by the technical manager in performing its services under the Technical Management Agreement. These costs and expenses generally include all crew wages, insurance premiums, repair and maintenance, and lubricant expenses. WKS Management enters into all third party supply contracts. WKS Management pays relevant expenses relating to the ship management as an agent on behalf of the Vessel Company. Payments commence at different times based on the terms of the relevant Technical Management Agreement. Under each Technical Management Agreement, the Vessel Company is able to review the monthly fee for the technical management services on the second anniversary of the Technical Management Agreement and every succeeding anniversary of the Technical Management Agreement.

Each of the Technical Management Agreement contains an indemnity by the Vessel Company in favour of WKS Management in respect of claims relating to the execution, delivery and performance of the Technical Management Agreements, except to the extent that the claim is attributable to any gross negligence, misconduct or omission by WKS Management or its affiliates.

For the three years ended 31 March 2005, 31 March 2006 and 31 March 2007 and the nine months ended 31 December 2007, the technical management fees paid by our Group (excluding joint venture companies) to WKS Management amounted to approximately US$507,000, US$120,000, US$120,000 and US$207,000 respectively. The fluctuations in these numbers reflects the changes in the number of vessels of the Group throughout the Track Record Period. In particular, the number of vessels decreased significantly in 2006. Since that time the number of vessels owned by the Group has been increasing.

The technical management fee under each Technical Management Agreement is a market related fee and is based on the Group's ongoing benchmarking process of ship management services in Hong Kong.

Directors' and Joint Sponsors' opinion

In the opinion of the Directors and the Joint Sponsors, the continuing connected transactions referred to in the sub-section headed "Non-exempt Continuing Connected Transactions" above have been entered into by the Group in the ordinary and usual course of business of the Group and are on normal commercial terms or on terms no less favourable to the Group than those available to or from (as appropriate) independent third parties, and which are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

Pursuant to the Hong Kong Listing Rules, the above transactions constitute continuing connected transactions for the Company once the Shares are listed on the Main Board of the Hong Kong Stock Exchange and for so long as Wah Kwong Holdings remains a substantial shareholder of the Company. Under the Hong Kong Listing Rules, each connected transaction might be subject to the reporting, announcement and independent Shareholders' approval requirements of Chapter 14A of the Hong Kong Listing Rules, subject to the nature and value of the transaction.

The Hong Kong Stock Exchange has decided that it will aggregate the Supervision Agreements and treat them as if they were a separate single transaction and also aggregate the Technical Management Agreements and treat them as if they were a separate single transaction so that the Company will comply with the requirements of the Hong Kong Listing Rules for the relevant classification of those transactions on an aggregated basis. On this basis, the Supervision Agreements (in aggregate) and the Technical Management Agreements (in aggregate) are non-exempt continuing connected transactions for the purposes of Chapter 14A of the Hong Kong Listing Rules and accordingly:

(a) the contracts must be in writing, set out the basis of the calculation of the payments to be made, be for a fixed term not exceeding three years (unless special circumstances exist) and reflect normal commercial terms; and

(b) a maximum aggregate annual value or cap for each category of contracts must be set expressed as a monetary value and determined by reference to previous transactions. Based upon the number of Supervision Agreements and Technical Management Agreements that have currently been entered into by wholly owned Vessel Companies and forecast to be

entered into during the three year period from the Listing Date, in respect of the wholly owned Vessel Companies, the annual cap for the Supervision Agreements and Technical Management Agreements in each of the three years commencing on 1 April 2008, 2009 and 2010 is set out below:

Year commencing 1 April	**2008**	**2009**	**2010**
Supervision Agreements	US$ 750,000	US$ 3,125,000	US$ 3,750,000
Technical Management Agreements	US$ 650,000	US$ 1,050,000	US$ 1,350,000

The annual cap for the Supervision Agreements accounts for payments due in the relevant year under the existing Supervision Agreements for Bridgetower Limited, Pacific Kingdom Holdings Limited, Wah Kwong Chartering Inc., Wah Kwong Dockyard Limited and Wah Kwong Shanghai Development Company Limited, and the annual cap includes the following:

(a) a buffer of four new Supervision Agreements commencing in the year commencing 1 April 2010. This buffer incorporates the necessary flexibility to enable reasonable expansion of the Group's fleet; and

(b) a buffer in each year to account for any changes in the payment schedule under the Supervision Agreements by up to six months before and after the relevant year. This buffer reflects the fact that payments under the Supervision Agreements are linked to progress of the vessel construction and that there may be changes in the date on which the construction milestones are met under the shipbuilding contract which are outside the control of the relevant Vessel Company(ies) and which result in a payment which is scheduled to be made in a particular year being paid in a different year.

The annual cap for the Technical Management Agreements accounts for payments due in the relevant year under the existing Technical Management Agreements for Bridgetower Limited, Bradwell Shipping Company, Mellor Marine Limited, Pacific Kingdom Holdings Limited, Wah Kwong Chartering Inc., Wah Kwong Dockyard Limited, Wah Kwong Satellite Technology Company Limited and Wah Kwong Shanghai Development Company Limited. The annual cap includes a buffer to account for delivery of the new vessels for each of Bridgetower Limited, Pacific Kingdom Holdings Limited, Wah Kwong Chartering Inc. and Wah Kwong Dockyard Limited up to six months early and includes a margin of four new Technical Management Agreements in the year commencing 1 April 2008. This buffer incorporates the necessary flexibility to enable reasonable expansion of the Group's fleet as, pending construction of new vessels, the Group may charter vessels which will be managed by WKS Management.

The Directors and the Joint Sponsors are of the view that the proposed annual caps referred to above are fair and reasonable.

Master Deed relating to Connected Transactions

On 15 May 2008 the Company entered into a Master Deed with Wah Kwong Holdings in relation to the above non-exempt continuing connected transactions. This agreement recognises the Company's obligation to obtain the approval of its shareholders for each of the then outstanding Technical Management Agreements and Supervision Agreements every three years. The agreement provides that:

(a) the independent shareholders of the Company will be asked to approve each of the Technical Management Agreements and each of the Supervision Agreements that are then in existence (being those in existence as at the date of that agreement between Wah Kwong Holdings and the Company and those entered into in future) prior to each three year anniversary of the Listing Date;

(b) Wah Kwong Holdings and the Company acknowledge that each of the Technical Management Agreements and each of the Supervision Agreements will terminate on the relevant three year anniversary of the Listing Date if they are not approved by the independent shareholders of the Company in accordance with paragraph (a) above;

(c) if a Technical Management Agreement or Supervision Agreement is to terminate in accordance with paragraph (b) above, the Company will procure that the relevant Vessel Company and Wah Kwong Holdings will procure that WKS Management does all things necessary to terminate the relevant Technical Management Agreement or Supervision Agreement; and

(d) if the independent shareholders of the Company approve a Technical Management Agreement or Supervision Agreement in accordance with paragraph (a) above, that agreement will continue to operate in accordance with its terms until the next three year anniversary of the Listing Date when it must be re-approved by the independent shareholders of the Company.

Waiver of strict compliance with Hong Kong Listing Rules requirements

The Company has applied for and received a waiver from the Hong Kong Stock Exchange of strict compliance with the announcement and independent shareholders' approval requirements in Rule 14A of the Hong Kong Listing Rules in respect of the Supervision Agreements and the Technical Management Agreements. That waiver was applied for on the basis that the following procedures and conditions will apply in relation to the Supervision Agreements and the Technical Management Agreements:

If and when new Supervision Agreements or Technical Management Agreements are entered into which result in the relevant cap being exceeded, or if there is a material change to the terms of the agreements, or when the relevant agreements are renewed, the Company will comply with the reporting and announcement requirements described in rules 14A.45 to 14A.47 of the Hong Kong Listing Rules and with the independent shareholders' approval requirements described in rule 14A.48 for transactions not falling under rule 14A.34 (in each case revising or replacing the relevant cap).

Annual review and auditors' confirmation

The requirements for annual review of continuing connected transactions contained in rules 14A.37 to 14A.41 of the Hong Kong Listing Rules will apply. These requirements include the following:

(a) Each year the independent non-executive Directors will review the continuing connected transactions and confirm in the annual report and accounts that the transactions have been entered into in the ordinary and usual course of business of the Company, on normal commercial terms and in accordance with the relevant agreements on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

(b) Each year the auditors will provide a letter to the Board (with a copy provided to the Hong Kong Stock Exchange at least 10 business days prior to the bulk printing of the Company's annual report), confirming that the continuing connected transactions:

  (i) have received the approval of the Board;

  (ii) are in accordance with the pricing policies of the Company if the transactions involve provision of goods or services by the Company;

  (iii) have been entered into in accordance with the relevant agreements governing the transactions; and

  (iv) have not exceeded the relevant cap.

In the event of any future amendments to the Hong Kong Listing Rules imposing more stringent requirements than those applicable as at the date of this prospectus on transactions of the kind to which the transactions belong, including, but not limited to, a requirement that such transactions be made conditional on approval by the independent Shareholders, the Company shall take immediate steps to ensure compliance with such requirements within a reasonable period.

Previous transactions with related parties

We entered into various related party transactions during the Track Record Period which are contained in the section headed 'Significant Related Party Transactions' in Appendix 1 to this prospectus.

The charterhire income in respect of related party transactions referred to in Appendix I to this prospectus relates to charterhire arrangements between the Wah Kwong Maritime Group and its related parties during the Track Record Period as set out in the sub-section entitled "Investments in Joint Ventures — Transactions with joint venture partners" in this prospectus.

The ship management fees in respect of related party transactions referred to in Appendix I to this prospectus relates to the commercial management arrangements described in the sub-section entitled "Investments in Joint Ventures — Transactions with joint venture partners" and the technical management arrangements described in the sub-section entitled "Investments in Joint Ventures — Transactions with WKS Management" in respect of the jointly controlled Vessel Companies and those described in the sub-section entitled "Relationship with Wah Kwong Holdings — Connected Transactions" in respect of the Company's subsidiaries.

The service fees and supervision fees in respect of related party transactions referred to in Appendix I to this prospectus relates to the shipbuilding supervision arrangements described in the sub-section entitled "Investments in Joint Ventures — Transactions with WKS Management" in respect of the jointly controlled Vessel Companies.

The Directors are of the view that these transactions were conducted in the ordinary and usual course of business and were on normal commercial terms.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS

Our Board currently consists of ten Directors, comprising four Executive Directors, two non-executive Directors and four independent non-executive Directors. Our Executive Directors serve a term of 3 years each and our non-executive Director and independent non-executive Directors are initially appointed for terms of one year. Under our Articles of Association, one third of our Directors must retire at each annual general meeting provided that every Director should be subject to retirement by rotation at least once every three years. However, the retiring Directors are eligible for re-election.

EXECUTIVE DIRECTORS

Mr. CHAO, George Sze Kwong, JP, aged 67, joined the Group when he was appointed as a Director in September 2007. He is also the chairman of the Company and Wah Kwong Holdings. He graduated from the University of Durham, England in 1966 with a bachelor's degree in civil engineering and has been engaged in the shipping industry for over 40 years. He joined the Wah Kwong Holdings Group in 1966 and was appointed as a director of Wah Kwong Holdings in 1972. He is the chairman of Bureau Veritas Asia and Australia Committee and the chairman of the Ship Insurance & Liability committee of Asia Shipowners Forum. He was the chairman of Hong Kong Shipowners Association from 1996 to 1997. He was also the chairman of Port Welfare Committee of Hong Kong, the chairman of Maritime Services Training Board and council member of the Vocational Training Council of the Hong Kong government and advisor to Hong Kong International Arbitration Center. He was appointed by the Government of the PRC to negotiate the protocols of Hong Kong and Taiwanese ships entering the respective ports in each other's territory in advance of the establishment of the Hong Kong SAR in 1997. In November 2007, Mr. Chao's achievements and contributions over four decades were recognised by the industry with the receipt of the Lloyds List Asia Lifetime Achievement Award. Mr. Chao does not have any directorship in any listed companies currently or in the last three years. Mr. George Chao is the father of Ms. Chao Sih Ming Sabrina, an Executive Director.

For Mr. Chao's interest in the Shares within the meaning of Part XV of the SFO, please refer to the sub-section headed "Further Information about the Directors, Substantial Shareholder and Experts — Directors' Interests and Short Positions in the Share Capital, Underlying shares or Debentures of our Company and its Associated Corporations" in Appendix VII to this prospectus.

Save as disclosed in this prospectus, Mr. Chao has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his appointment and there is no information regarding Mr. Chao that should be disclosed pursuant to Rule 13.51(2) of the Hong Kong Listing Rules.

Ms. CHAO, Sih Ming Sabrina, aged 34, joined the Group when she was appointed as a Director in September 2007. She is the vice chairman and chief financial officer of the Company and a director of Wah Kwong Holdings. Ms. Chao graduated from the Imperial College of University of London in 1996 with a bachelor's degree in mathematics and management. She began her career in finance working for Jardine Fleming and PricewaterhouseCoopers. In 2001, she joined the shipping industry

through enrolling in the Galbraith's Shipping course in London and subsequently gained experience in various shipping sectors from working with Tanker International, Britannia P&I Club, Bureau Veritas before joining the Wah Kwong Holdings Group in 2002. Ms. Chao currently sits on the executive committee of the Hong Kong Shipowners Association. Ms. Chao does not have any directorship in any listed companies currently or in the last three years. She is the daughter of Mr. George Chao.

For Ms. Chao's interest in the Shares within the meaning of Part XV of the SFO, please refer to the sub-section headed "Further Information about the Directors, Substantial Shareholder and Experts — Directors' Interests and Short Positions in the Share Capital, Underlying shares or Debentures of our Company and its Associated Corporations" in Appendix VII to this prospectus.

Save as disclosed in this prospectus, Ms. Chao has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with her appointment and there is no information regarding Ms. Chao that should be disclosed pursuant to Rule 13.51(2) of the Hong Kong Listing Rules.

Mr. HUXLEY, Timothy Scott, aged 47, is the chief executive officer. He joined the Group and, has been a Director since September 2007. Mr. Huxley graduated from Edinburgh University with a bachelor of arts degree in 1982 and subsequently worked for Clarksons, a shipbroking and shipping services group for 24 years, the majority spent in Hong Kong where he was managing director of their Hong Kong office for 11 years. Prior to joining the Company he was managing director of Mandarin Shipping Limited. He is a fellow of the Institute of Chartered Shipbrokers since 1999 and a former vice chairman of the Hong Kong Shipowners Association and member of the Hong Kong Maritime Industry Council. Mr. Huxley does not have any directorship in any listed companies currently or in the last three years.

For Mr. Huxley's interest in the Shares within the meaning of Part XV of the SFO, please refer to the sub-section headed "Further Information about the Directors, Substantial Shareholder and Experts — Directors' Interests and Short Positions in the Share Capital, Underlying shares or Debentures of our Company and its Associated Corporations" in Appendix VII to this prospectus.

Save as disclosed in this prospectus, Mr. Huxley has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his appointment and there is no information regarding Mr. Huxley that should be disclosed pursuant to Rule 13.51(2) of the Hong Kong Listing Rules.

Mr. KAM, Koon Tong David, aged 49, joined the Group when he was appointed as the financial controller in March 2008. Mr. Kam was appointed as an Executive Director in May 2008. Mr. Kam is also the qualified accountant, the company secretary and financial controller of the Company. He holds a masters degree in Engineering Business Management from the University of Warwick which he obtained in 1996 and is a member of the Hong Kong Institute of Certified Public Accountants since October 1986 and the Association of Chartered Certified Accountants since February 2003. He has more than 20 years experience in auditing and financial control in the shipping and shipping related businesses. He joined Wah Kwong Holdings Group in 1987. Mr. Kam does not have any directorship in any listed companies currently or in the last three years.

For Mr. Kam's interest in the Shares within the meaning of Part XV of the SFO, please refer to the sub-section headed "Further Information about the Directors, Substantial Shareholder and Experts — Directors' Interests and Short Positions in the Share Capital, Underlying shares or Debentures of our Company and its Associated Corporations" in Appendix VII to this prospectus.

Save as disclosed in this prospectus, Mr. Kam has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his appointment and there is no information regarding Mr. Kam that should be disclosed pursuant to Rule 13.51(2) of the Hong Kong Listing Rules.

NON-EXECUTIVE DIRECTORS

Mr. CRIEL, Ludwig P.M., aged 56, is a non-executive Director and the managing director of Wah Kwong Holdings. Mr. Criel joined the Company when he was appointed as a Director in September 2007. He graduated in applied economic sciences from the University of Ghent and obtained a master's degree in management from the Vlerick School of Management. Mr. Criel is an executive director of CMB and Euronav NV (both being companies listed on NYSE Euronext), a director of Exmar NV (a company listed on NYSE Euronext) and chairman of De Persgroep as at the Latest Practicable Date. Save as disclosed above, Mr. Criel does not have any directorship in any listed companies currently or in the last three years.

Mr. Criel does not have any interest in the Shares or underlying Shares within the meaning of Part XV of the SFO.

Save as disclosed in this prospectus, Mr. Criel has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his appointment and there is no information regarding Mr. Criel that should be disclosed pursuant to Rule 13.51(2) of the Hong Kong Listing Rules.

Mr. CHEN Zhong Biao, aged 69, joined the Group when he was appointed as a non-executive Director in May 2008. Mr. Chen has over 40 years experience in the shipping industry including studies at the Dalian Marine College during 1958-1963. He had held various senior positions at the COSCO shipping group from 1973 to 2000. Those positions include managing director at COSCO Beijing in 1992, president of COSCO Group in 1993 and chairman of COSCO Group in 1998. Mr. Chen does not have any directorship in any listed companies currently or in the last three years.

Mr. Chen does not have any interest in the Shares or underlying Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Chen has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his appointment and there is no information regarding Mr. Chen that should be disclosed pursuant to Rule 13.51(2) of the Hong Kong Listing Rules.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. LO, Ka Shui, aged 61, joined the Group when he was appointed as an independent non-executive Director in May 2008. Dr. Lo holds a bachelor's degree in biophysics from McGill University where he graduated in 1970 and a MD from Cornell University where he graduated in 1974. He has more than 28 years experience in the property, hotel and finance industries. As at the Latest Practicable Date, Dr. Lo is the chairman and managing director of Great Eagle Holdings Limited (a company listed on the Hong Kong Stock Exchange), an independent non-executive director of each of Shanghai Industrial Holdings Limited, China Mobile Limited, Phoenix Satellite Television Holdings Limited, City e-Solutions Limited, Melco International Development Limited and Winsor Properties Holdings Limited (all being companies listed on the Hong Kong Stock Exchange). Dr. Lo is also a non-executive director of The Hongkong and Shanghai Banking Corporation Limited, chairman and director of Eagle Asset Management (CP) Limited (the manager of Champion Real Estate Investment Trust which is listed on the Hong Kong Stock Exchange). Dr. Lo had been a director of TOM Online Inc., a company listed on the Hong Kong Stock Exchange in the three years prior to the Latest Practicable Date. Dr. Lo is also the chairman of Langham Hotels International Group. Save as disclosed above, Dr. Lo does not have any directorship in any listed companies currently or in the last three years. He is also a board member of the Airport Authority and a vice president of The Real Estate Developers Association of Hong Kong, and was the chairman of the main board Listing Committee of the Hong Kong Stock Exchange from 1992 to 1996.

Dr. Lo does not have any interest in the Shares or underlying Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Dr. Lo has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his appointment and there is no information regarding Dr. Lo that should be disclosed pursuant to Rule 13.51(2) of the Hong Kong Listing Rules.

Mr. NEWBIGGING, David Kennedy, OBE, aged 74, joined the Group when he was appointed as an independent non-executive Director in May 2008 having previously served as a non-executive director of Wah Kwong Shipping Group Limited (previously known as Wah Kwong Shipping & Investment Company (Hong Kong) Limited) from 1972 to 1985, and as a director of Wah Kwong Shipping Holdings Limited from 1992 to 1999. He is currently chairman of Cancer Research UK, the largest fundraising charity in the United Kingdom and the largest independent funder of cancer research worldwide. His early career was spent in Asia where he worked for 30 years for the Jardine Matheson Group (which had extensive shipping investments at that time) of which he was chairman and senior managing director from 1975 to 1983. He had previously held positions at several publicly listed companies in Hong Kong including Hong Kong Land as chairman and the Hong Kong and Shanghai Banking Corporation as a director. He had also served on the Executive and Legislative Councils of Hong Kong, and was chairman of the General Chamber of Commerce and the Hong Kong Tourist Association. Mr. Newbigging relocated to the United Kingdom in 1984 where his appointments included being chairman of Rentokil Group plc, Equitas Holdings Limited, Thistle Hotels plc and Friends Provident plc. Mr. Newbigging had been a director of Merrill Lynch & Co Inc. (listed on the New York Stock Exchange), PACCAR Inc. (listed on NASDAQ) and Faupel plc. (listed on the London

Stock Exchange (AIM)) in the last three years. He is a former High Sheriff of Wiltshire and was chairman of the Council of the Mission to Seafarers in London from 1993 to 2006. Save as disclosed above, Mr. Newbigging does not have any directorship in any listed companies currently or in the last three years.

Mr. Newbigging does not have any interest in the Shares or underlying Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Newbigging has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his appointment and there is no information regarding Mr. Newbigging that should be disclosed pursuant to Rule 13.51(2) of the Hong Kong Listing Rules.

Mr. TAN, Man Kou, aged 72, joined the Group when he was appointed as an independent non-executive Director in May 2008. Mr. Tan has over 30 years experience in the areas of audit, tax, corporate finance, insolvency, company secretarial and listings. He is a former partner of Deloitte Touche Tohmatsu and a fellow of the Institute of Chartered Accountants in England & Wales since March 1965 and subsequently became a member of the Hong Kong Institute of Certified Public Accountants. Mr. Tan has served as a member of the Hong Kong Housing Society for more than 20 years and has also been appointed a member of the Chinese People's Political Consultative Conference. As at the Latest Practicable Date, Mr. Tan is an independent non-executive director of The Bank of East Asia, Limited, China Foods Limited and Harbour Centre Development Limited (all being companies listed on the Hong Kong Stock Exchange). Save as disclosed above, Mr. Tan does not have any directorship in any listed companies currently or in the last three years.

Mr. Tan does not have any interest in the Shares or underlying Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Tan has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his appointment and there is no information regarding Mr. Tan that should be disclosed pursuant to Rule 13.51(2) of the Hong Kong Listing Rules.

Mr. SIBLEY, Nicholas Theobald, FCA, aged 69, joined the Group when he was appointed as an independent non-executive Director in May 2008. Mr. Sibley is a Chartered Accountant and he is a fellow of the Institute of Chartered Accountants in England and Wales since January 1976. He lived for more than twenty years in Hong Kong between 1972 and 1997. He was a managing director of Jardine Fleming and a director of Robert Fleming Holdings and subsequently of Barclays de Zoete Wedd Holdings. He returned to Hong Kong in 1988 as Chairman of Barclays de Zoete Wedd Asia Pacific until 1993 when he became Managing Director of Wheelock Capital until he retired in 1997. Mr. Sibley is a director and chairman of Aquarius Platinum Limited (listed on Australian Securities Exchange, London Stock Exchange and Johannesburg Stock Exchange), Tanzanite One Ltd. (listed on London Stock Exchange-AIM) and Asia Pacific Fund Inc. (listed on the New York Stock Exchange) as at the Latest Practicable Date. Save as disclosed above, Mr. Sibley does not have any directorship in any listed companies currently or in the last three years.

Mr. Sibley does not have any interest in the Shares or underlying Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Sibley has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his appointment and there is no information regarding Mr. Sibley that should be disclosed pursuant to Rule 13.51(2) of the Hong Kong Listing Rules.

OTHER INFORMATION OF THE DIRECTORS

(a) Employment Agreements of the Executive Directors

Each of the Executive Directors has entered into an employment agreement with Wah Kwong Maritime Agency Company Limited (a wholly-owned subsidiary of our Company). Please refer to the section headed "Further Information about the Directors, Substantial Shareholders and Experts — Particulars of Directors' Employment Agreements and Letters of Appointment" in Appendix VII to this prospectus for further information regarding the terms of these employment agreements.

(b) Letters of appointment of the non-executive Directors and independent non-executive Directors

Each of the non-executive Directors and independent non-executive Directors has entered into a letter of appointment for an initial term of 12 months. Please refer to the section headed "Further Information about the Directors, Substantial Shareholders and Experts — Particulars of Directors' Employment Agreements and Letters of Appointment" in Appendix VII to this prospectus for further information regarding the terms of these letters of appointment.

(c) Further information relating to Mr. HUXLEY, Timothy Scott

On 19 September 2006, Clarkson Asia Limited issued High Court Action No. 2074 of 2006 in Hong Kong against Mr. Huxley and Mandarin Shipping Limited ("Mandarin") claiming, amongst other things, an injunction and damages based on an alleged breaches of a post-termination restriction in Mr. Huxley's contracts of employment with Clarkson Asia Limited. The action is being defended and the trial is likely to be heard in 2009. The litigation relates to certain transactions which it is alleged breached the post-termination restriction referred to above. The amount of damages claimed by Clarkson Asia Limited is not particularised and will not be so until at or near trial. The Directors (including the independent non-executive Directors), having taken account of a detailed review of the litigation by the Company's legal advisors, have concluded that the litigation will not give rise to any material, unprovided for liability in relation to the Group. In particular, the litigation does not involve the Group in any way, and the financial arrangements made by Mr. Huxley in relation to the claims are such that the consequences of an adverse finding against him will not affect the performance of his duties to the Group. No criminal liabilities or penalties are involved and the Directors (including the independent non-executive Directors) are of the view that the litigation does not affect the suitability of Mr. Huxley to act as a Director pursuant to Rules 3.08 and 3.09 of the Hong Kong Listing Rules.

With regard to Mandarin, it is a Hong Kong based shipping investment and consultancy company owned as to 65% by Mr. Huxley. The directors of Mandarin include Mr. Huxley and Mr. William Thomas Amedee Fairclough. Prior to Mandarin being engaged as consultants by Wah Kwong Holdings in preparation for the listing of the Group in October 2007, there was no business relationship between Mandarin and the Group, its associates or ultimate shareholders and no fees or commissions had ever been paid by the Group, its associates or ultimate shareholders to Mandarin or its directors.

Pursuant to the consultancy agreement between Mandarin and Wah Kwong Holdings which was effective from October 2007 to 1 March 2008, Mandarin agreed that Mr. Huxley, Mr. Fairclough and Ms. Cathy Ho would provide services to Wah Kwong Holdings in connection with the listing of the Company on the Hong Kong Stock Exchange together with other services required to set up and operate the Company. The fees payable to Mandarin for the period from October 2007 to February 2008 have been paid by the Company. The monthly fees payable to Mandarin were equal to the aggregate amount now payable to Mr. Huxley, Mr. Fairclough and Ms. Ho as salary each month as employees of Wah Kwong Maritime Agency Company Limited. Accordingly, prior to commencing employment with the Group on 1 March 2008, Mr. Huxley and Mr. Fairclough had already assumed responsibilities for co-ordinating the preparation of the Company and the Wah Kwong Maritime Group for listing, including developing operational standards and procedures, and working with the management of Wah Kwong Holdings, the Joint Sponsors and other advisors in relation to the preparation of this prospectus.

Mr. Huxley became involved in the concept of listing the Wah Kwong Maritime Group prior to the commencement of the consultancy agreement, hence his appointment as a director of the Company (then newly formed) prior to such commencement.

It was agreed with Mr. Huxley from the outset that he would be appointed as the CEO in connection with the listing of the Company and that William Fairclough would be appointed as Business and Investor Relations Manager and Ms. Cathy Ho would be appointed as the assistant to Mr. Huxley and Mr. Fairclough. Each of them has entered into an employment agreement with Wah Kwong Maritime Agency Company Limited (a wholly-owned subsidiary of the Company) in respect of the above positions which became effective on 1 March 2008. Those employment agreements will terminate if Listing does not occur before a specified date in the case of the employment agreements of Mr. Huxley and Mr. Fairclough. At the time the employment agreements of Mr. Huxley, Mr. Fairclough and Ms. Cathy Ho became effective, the consultancy agreement also came to an end, and Mandarin will cease to carry on business and become dormant except for the provision of company secretarial services to a fund management company incorporated in the British Virgin Islands. Mr. Huxley and Mr. Fairclough continue to act as directors of Mandarin as at the Latest Practicable Date. Please refer to the sub-section headed "Further Information about the Directors, Substantial Shareholders and Experts — Particulars of Directors' Employment Agreements and Letters of Appointment" in Appendix VII to this prospectus for the principal terms of the employment agreement entered into between Mr. Huxley and Wah Kwong Maritime Agency Company Limited. As to the principal terms of the employment agreement entered into between Mr. Fairclough and Wah Kwong Maritime Agency Company Limited, please refer to the sub-section headed "Senior Management" below.

(d) **Further Information relating to Mr. CRIEL, Ludwig, P.M.**

Mr. Criel, a non-executive Director, is also an executive director of Euronav NV and CMB, both of which are listed companies which may compete, directly or indirectly with the Wah Kwong Maritime Group.

CMB

CMB is a maritime group with its registered offices in Antwerp. The shares of CMB are quoted on NYSE Euronext. The CMB group's main activities relate to the shipping industry. In particular, CMB is principally involved in the transportation of dry bulk cargo (mainly coal, iron ore and grain) through its subsidiary Bocimar International NV ("Bocimar"). According to the annual report of CMB for the year ended 31 December 2007, CMB operated a fleet consisting of 20 fully or partially-owned capesize vessels (of which six were under construction), three panamax units, seven handymax units (of which five were under construction) and ten handysize units under construction. CMB's turnover and results for the year ended 31 December 2007 were EUR361,068,000 and EUR243,284,000 respectively.

As at 7 February 2008, CMB's fleet stands at 41 vessels (including newbuildings), comprising 14 capesize, two handymax and four panamax vessels, with a further three handymax, six capesize and 12 handysize vessels on order.

CMB (either directly or indirectly through its subsidiary Bocimar Hong Kong Limited) is a joint venture partner of our Group in relation to six Vessel Companies. CMB is our joint venture partner for Bright Time Holdings Limited, Bocimar Hong Kong Limited is our joint venture partner for Komati Shipping Limited, Clear Mountain Shipping Limited and Ever Progress Trading Limited and Bocimar Hong Kong Limited owns 50% of our joint venture partner for Regal Land International Limited and Belvedere Capital Trading Ltd. Bocimar Belgium NV is the charterparty of Komati Shipping Limited's bulk carrier, the *China Venture* and has also chartered the bulk carrier *Mineral Capesia* from our associated company Cape Asia Newbuildings Limited in which we hold a 16.7% interest. Bocimar International NV has agreed that it or a nominee guaranteed by it will enter into a charter party agreement for the two post-panamax bulkcarriers that are being built by our jointly controlled entities Regal Land International Limited and Belvedere Capital Trading Ltd.

Euronav NV

Euronav NV ("Euronav") is an independent tanker company engaged in the ocean transportation of crude oil and petroleum products. Euronav's shares are quoted on NYSE Euronext. As set out in Euronav's annual report for the year ended 31 December 2007, Euronav owns 7.0 million tonnes of crude oil tankers, charters in a further 2.6 million tonnes and has close to 1.3 million tonnes under construction. As at 31 December 2007, Euronav's fleet consisted of 35 fully or partially-owned vessels (including newbuilds) including 15 VLCCs and 14 suezmax (with a further two VLCCs and four suezmax units on order), in addition to the 12 VLCCs and two aframax vessels chartered in. Euronav's revenue from shipping activities for the year ended 31 December 2007 was US$530,937,000 and profits were US$101,055,000.

Euronav is a joint venture partner of our Group in relation to the jointly controlled vessel company, Great Hope Enterprises Limited and is chartering that Vessel Company's tanker *Ardenne Venture*.

As the business of CMB operates in the bulker sector of the shipping industry and Euronav operates in the tanker sector of the shipping industry, the businesses of each of CMB and Euronav may compete directly or indirectly with the Wah Kwong Maritime Group.

Notwithstanding that Mr. Criel has an interest as a director in each of CMB and Euronav, he does not have any shareholding interests in either company. As listed companies, any decisions made by CMB, Euronav and/or our Company will take into account the interest of its shareholders as a whole and the requirements of the rules of the stock exchange on which they are respectively listed. In addition, the senior management of CMB is led by an executive committee headed by Mr. Marc Saverys and Euronav is managed by its CEO Paddy Rodgers and its executive Chairman, Mr. Marc Saverys. Mr. Criel, as a non-executive Director, is not involved in the daily operation and management of our Company. Furthermore, the management of our Group and each of CMB and Euronav is distinct and separate and there is no exchange of information between the respective managements. Therefore, the Directors are of the view that Mr. Criel's office as an executive director of each of CMB and Euronav would not affect our ability to carry on our business independently.

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. KAM Koon Tong David, an Executive Director, is also the company secretary and qualified accountant of the Company. Pleaser refer to the sub-section headed "Executive Directors" above in this section for information relating to Mr. Kam.

SENIOR MANAGEMENT

Mr. FAIRCLOUGH, William Thomas Amedee, aged 31, is the Business and Investor Relations Manager of Wah Kwong Maritime Group. He graduated from Edinburgh University in July 2000 with a degree in business studies. He subsequently worked for Credit Suisse prior to joining Clarksons as a shipbroker in 2002 and relocating to Hong Kong later that year. In 2006, he joined Mandarin Shipping Limited as a director and has worked for the Group (initially as a consultant) since October 2007. Mr. Fairclough does not have any directorship in any listed companies currently or in the last three years.

Mr. Fairclough has entered into an employment agreement with Wah Kwong Maritime Agency Company Limited (a wholly-owned subsidiary of the Company) pursuant to which he was appointed as the Business and Investor Relations Manager of Wah Kwong Maritime Group commencing from March 2008, such employment agreement may be terminated by either party giving three months' prior written notice to the other. Under this employment agreement, Mr. Fairclough is entitled to medical insurance and life insurance subject to certain conditions under the insurance plans. Mr. Fairclough is entitled to a housing allowance and may be invited to participate in share option schemes. He may also be entitled to a bonus subject to the discretion of the board of directors of Wah Kwong Maritime Agency Company Limited.

Mr. Fairclough does not have any interest in the Shares within the meaning of Part XV of the SFO. As to the options granted to Mr. Fairclough under the Pre-IPO Scheme, please refer to the sub-section headed "Pre-IPO Scheme" in Appendix VII to this prospectus for further details.

Save as disclosed above, Mr. Fairclough has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his appointment and there is no information regarding Mr. Fairclough that should be disclosed pursuant to Rule 13.51(2) of the Hong Kong Listing Rules.

Captain ZHOU Jian-Feng, aged 36, is the Operations/Technical Manager of Wah Kwong Maritime Group since March 2008. He graduated from Shanghai Maritime University (上海海運學院), Navigation Department (航海系海洋船舶駕駛) in 1995 and has worked for Wah Kwong Shipping Agency Company Limited since March 1995, initially as a deck officer on product tankers and subsequently as Master of several of the Wah Kwong Holdings' ships, including a VLCC. From October 2005, he has been employed as a technical superintendent with Wah Kwong Shipping Agency Company Limited, responsible for the technical operation of the Wah Kwong Maritime Group's tankers. He is holding a current certificate of competency for seafarers of the PRC granted by the Shanghai Maritime Safety Administration of the PRC. Captain Zhou does not have any directorship in any listed companies currently or in the last three years.

Captain Zhou has entered into an employment agreement with Wah Kwong Maritime Agency Company Limited (a wholly-owned subsidiary of the Company) pursuant to which he was appointed as the operations/technical manager commencing from March 2008, such employment agreement may be terminated by either party giving two months' prior written notice to the other. Under this employment agreement, Captain Zhou is entitled to medical insurance and life insurance subject to certain conditions under the insurance plans. He may also be entitled to bonus subject to the discretion of the board of directors of Wah Kwong Maritime Agency Company Limited.

Captain Zhou does not have any interest in the Shares or underlying Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Captain Zhou has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his appointment and there is no information regarding Captain Zhou that should be disclosed pursuant to Rule 13.51(2) of the Hong Kong Listing Rules.

AUDIT COMMITTEE

We established an audit committee on 15 May 2008 with written terms of reference as suggested under the Code of Corporate Governance Practices set out in Appendix 14 to the Hong Kong Listing Rules. The audit committee consists of three members, namely Messrs. Tan Man Kou, David Kennedy Newbigging and Nicholas Theobald Sibley, all of whom are our independent non-executive Directors. The chairman of the audit committee is Mr. Tan Man Kou. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Company, nominate and monitor external auditors and provide advice and comments to our Directors.

REMUNERATION COMMITTEE

We established a remuneration committee on 15 May 2008 with written terms of reference. The remuneration committee consists of three members, namely Messrs. David Kennedy Newbigging, Tan Man Kou and Ludwig Criel, a majority of whom are our independent non-executive Directors. The chairman of the remuneration committee is Mr. David Kennedy Newbigging. The primary functions of the remuneration committee are to evaluate the performance and make recommendations on the remuneration packages of our Directors and senior management, determine the criteria for assessing employee performance and consider and make recommendations to the Board on the annual performance bonus for the Executive Directors and senior management.

NOMINATION COMMITTEE

We established a nomination committee on 15 May 2008 with written terms of reference. The nomination committee consists of three members, namely Messrs. David Kennedy Newbigging, Nicholas Theobald Sibley and Ludwig Criel, a majority of whom are our independent non-executive Directors. The chairman of the nomination committee is Mr. David Kennedy Newbigging. The primary function of the nomination committee is to make recommendations to our Board regarding candidates to fill vacancies on our Board of Directors.

EMPLOYEES

Given that the Company was incorporated on 4 September 2007 and, pursuant to the Reorganisation, the employees did not transfer from the Wah Kwong Holdings (excluding the Wah Kwong Maritime Group) until 1 March 2008, there were no full time employees of the Wah Kwong Maritime Group as at 31 March 2005, 31 March 2006 or 31 March 2007.

As at the Latest Practicable Date, there are thirty-one employees of the Wah Kwong Maritime Group. This number includes twelve employees of Wah Kwong Maritime Agency Company Limited who were, prior to 1 March 2008 employed by the Wah Kwong Holdings Group. In addition, from 1 March 2008 the current chairman and deputy managing director of Wah Kwong Holdings provide services to each of the Wah Kwong Holdings Group and the Wah Kwong Maritime Group. The table below sets out a break down of the Wah Kwong Maritime Group's employees by business areas as at the Latest Practicable Date:

Business Area	**Number of employees**	**Approximate percentage of total** *(%)*
Executive Directors	4	12.9%
Operations/Chartering/Technical management	10	32.25%
Finance (Accounts and Treasury)	8	25.80%
Administration	9	29.03%
Total	31	100%

The future development and success of the Group depends on the Group being able to retain, hire and motivate employees at all levels. Motivating our staff through providing a positive working environment and competitive remuneration package is an important management function, achieved through linking the interests of the Wah Kwong Maritime Group with the interests of our staff and providing a merit based, dynamic, growth orientated environment in which our staff can develop their careers and which creates loyalty through a sense of belonging.

Management maintains a regular contact with all employees and endeavours to ensure that all staff remain aware of the aims, aspirations and developments of the Group. The Group enters into individual employment contracts with all our employees to cover matters such as remuneration and other benefits, including medical and retirement schemes. In addition the Group encourages the further development of staff skills through education and training.

All staff are made aware of the Wah Kwong Maritime Group's Code of Conduct, whilst recruitment and staff development is conducted in accordance with the Group's Commitment to Competence as contained in the Wah Kwong Maritime Group's Internal Controls and Procedures Manual.

Throughout the Track Record Period, the Group has not experienced any labour disputes or been involved in any employment litigation with any current or past employees. Furthermore, staff turnover has been low.

PRE-IPO SCHEME AND SHARE OPTION SCHEME

The Company has conditionally adopted the Pre-IPO Scheme and the Share Option Scheme.

Pre-IPO Scheme

Under the Pre-IPO Scheme, options to subscribe for Shares have been granted to each of the Executive Directors (being Chao George Sze Kwong, Chao Sih Ming Sabrina, Timothy Scott Huxley and Kam Koon Tong David) and one full-time employee of the Company. Please refer to the section headed "Pre-IPO Scheme" in Appendix VII to this prospectus for a summary of the principal terms of the Pre-IPO Scheme.

Share Option Scheme

Under the Share Option Scheme, eligible persons may be granted options which entitle such persons to subscribe for Shares representing up to a maximum of 10% of the aggregate nominal value of the Company's share capital in issue immediately following completion of the Global Offering (but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option and any Shares which may be issued pursuant to the exercise of any options granted or which may be granted under the Pre-IPO Scheme or the Share Option Scheme). Please refer to the section headed "Share Option Scheme" in Appendix VII to this prospectus for a summary of the principal terms of the Share Option Scheme.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

As our Company was incorporated on 4 September 2007, we did not pay any compensation (including fees, salaries, housing allowances, other allowances and benefits in kind) to the Directors during the three years ended 31 March 2005, 31 March 2006 and 31 March 2007. Given that the total compensation paid by the Wah Kwong Holdings Group to its directors during the Track Record Period was paid on account of the overall business of the Wah Kwong Holdings Group and not just the business of the Wah Kwong Maritime Group, it is not possible to separately identify and specify the compensation payable to the Directors in respect of the business of the Wah Kwong Maritime Group for the years ended 31 March 2005, 31 March 2006 and 31 March 2007. We believe that the most appropriate way to attribute a portion of the compensation paid to the Directors for these years in respect of the business of the Wah Kwong Maritime is by reference to the compensation that it is anticipated will be paid by the Company to the Directors for the year ending 31 March 2009.

It is currently anticipated that the annual aggregate amount of compensation (including fees, salaries, housing allowances, other allowances and benefits in kind) payable by the Company to the Directors for the period from 1 April 2008 to 31 March 2009 will be in the order of US$1,138,040.

No contribution to pension schemes or any discretionary or performance based bonuses were paid or are payable by the Company to the Directors for each of the three years ended 31 March 2005, 31 March 2006 and 31 March 2007.

No amounts were paid or are receivable by the Directors as an inducement to join or upon joining the Company for each of the three years ended 31 March 2005, 31 March 2006 and 31 March 2007. No amounts were paid or are receivable by the Directors or past directors of the Company for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group for each of the three years ended 31 March 2005, 31 March 2006 and 31 March 2007. No Director has waived or agreed to waive any emoluments for each of the three years ended 31 March 2005, 31 March 2006 and 31 March 2007.

Based on the present arrangements, the annual aggregate amount of compensation (including fees, salaries, housing allowances, other allowances and benefits in kind) paid to the Directors for the year ended 31 March 2008 is estimated to be HK$729,950. This amount is payable only in respect of March 2008 as the employment agreements for the Executive Directors only commenced on 1 March 2008. Please refer to the section headed "Further Information about the Directors, Substantial Shareholders and Experts — Particulars of Directors' Employment Agreements and Letters of Appointment" in Appendix VII to this prospectus for further details of these employment agreements.

The remuneration of Directors and members of the senior management team is determined by the Remuneration Committee and is reviewed annually. When reviewing and determining the specific remuneration packages for our executive Directors and senior management, our Remuneration Committee will take into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment elsewhere in the Wah Kwong Holdings Group and desirability of performance based remuneration.

As the Group did not employ any employees for the three years ended 31 March 2005, 31 March 2006 and 31 March 2007, it is not possible to disclose the aggregate compensation paid or payable to our five highest paid individuals. No contribution to pension schemes or any discretionary or performance based bonuses were paid or are payable by the Company to any employees of the Group for each of the three years ended 31 March 2005, 31 March 2006 and 31 March 2007.

No amounts were paid by the Company to, or receivable by, any employees of the Group:

(i) as an inducement to join or upon joining the Company; or

(ii) for the loss of office in connection with the management of the affairs of any member of the Group,

for each of the three years ended 31 March 2005, 31 March 2006 and 31 March 2007.

However, based on present arrangements, it is estimated that from the Listing Date, the five highest paid individuals of the Group will include the four executive Directors, whose estimated aggregate compensation has been included in the aggregate compensation of the Directors above.

Excluding the compensation of such Directors and based on the present arrangements, the aggregate annual amount of compensation (including fees, salaries, housing allowances and other allowances and benefits in kind) payable by the Company to the highest paid individual of the Group is estimated to be HK$1,812,000.

Save as disclosed above, no other payments have been paid or are payable in respect of the three years ended 31 March 2005, 31 March 2006 and 31 March 2007 by the Group or any of its subsidiaries to any Directors of the Company or the five highest paid individuals of the Group.

LOANS TO OFFICERS AND EMPLOYEES

As at the Latest Practicable Date, there were no outstanding loans to any officers of the Group.

RETIREMENT SCHEMES

In addition to their basic compensation, employees of the Group may also participate in either the Group's MPF Scheme or the Group's Occupational Retirement Scheme established in accordance with the Occupational Retirement Schemes Ordinance. The MPF Scheme is a retirement scheme required by Hong Kong law, under which the Group and each employee are presently required to make mandatory contributions of 5% of the employee's basic salary to the fund on a monthly basis, subject to a maximum monthly contribution of HK$1,000 for each employee and, in addition, the Group will make voluntary contributions such that the total amount contributed by the employer to the fund each month is equal to 7.5% of the employee's basic salary. The Occupational Retirement Scheme is a defined contribution scheme and is the subject of an insurance arrangement made with the company which issued the policy relating to the Group's Occupational Retirement Scheme dated 1 October

2000. Under the Occupational Retirement Scheme, each employee is required to make monthly contributions equal to 5% of the employee's salary into the scheme and, in addition, the Group is required to make monthly contributions equal to 7.5% of the employee's salary into the scheme. The Group has made all required contributions to date.

Under the rules of the Group's Occupational Retirement Scheme, a forfeiture account is maintained by the company which issued the policy relating to the Group's Occupational Retirement Scheme, to which the unvested portion of ex-member's benefits and any unclaimed benefits are credited. The balance of the forfeiture account may be used to offset against future contributions to the Group's Occupational Retirement Scheme or the charges to administer the Scheme or refunded to the Group pursuant to the requirements of the Occupational Retirement Schemes Ordinance.

As at the Latest Practicable Date and so far as the Directors are aware, the Group has complied with all relevant labour laws and regulations and all pension payments have been made under the relevant labour laws and regulations.

So far as our Directors are aware, immediately following completion of the Global Offering (taking no account of any exercise of the Over-allotment Option or any exercise of any options granted or may be granted under the Pre-IPO Scheme and the Share Option Scheme), the following persons (other than a Director) will have interests or short positions in Shares or underlying Shares which will be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, 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 our Company:

Name of shareholders	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholdings
Wah Kwong Holdings *(Note 1)*	Beneficial owner	375,000,000	75%
Fortune Eagle Investments Limited *(Note 2)*	Interest of a controlled corporation	375,000,000	75%
Gain Profession Consultancy Ltd. *(Note 2)*	Trustee and interest of a controlled corporation	375,000,000	75%
Rustem Limited *(Note 2)*	Trustee and interest of a controlled corporation	375,000,000	75%
The G. Chao Family Limited Partnership *(Note 2)*	Interest of a controlled corporation	375,000,000	75%
Cantrust (Far East) Limited *(Note 2)*	Trustee and interest of a controlled corporation	375,000,000	75%
The New George S.K. Chao Trust *(Note 2)*	Trustee	375,000,000	75%
Chao George Sze Kwong *(Note 2)*	Founder of a discretionary trust	375,000,000	75%

Notes:

1. Wah Kwong Holdings is owned as to approximately 99.82% by Fortune Eagle Investments Limited ("Fortune Eagle"), a British Virgin Islands company. Chao George Sze Kwong, Chao Sih Ming Sabrina and Ludwig Criel are directors of our Company and directors of Wah Kwong Holdings. Chao Sih Ming, Sabrina is the registered and beneficial owner of 20,000 shares in Wah Kwong Holdings representing approximately 0.045% of its entire issued share capital.

2. The issued share capital of Fortune Eagle is held by Gain Profession Consultancy Ltd., a British Virgin Islands company on trust for the partners of The G. Chao Family Limited Partnership ("Limited Partnership"), a Guernsey limited partnership in the ratio in which they currently share their interests in the Limited Partnership. The issued share capital of Fortune Eagle is therefore an asset of the Limited Partnership. The general partner of the Limited Partnership is Gain Profession Consultancy Ltd. ("General Partner"), and the limited partner is Rustem Limited, a British Virgin Islands company ("Limited Partner"). The General Partner has a 1% interest in the Limited Partnership and 99% of the Limited Partnership is held by the Limited Partner. The Limited Partner holds its interest in the Limited Partnership on trust for Cantrust (Far East) Limited, as the trustee of The New George S. K. Chao Trust, a British Virgin Islands discretionary trust, of which Chao George Sze Kwong is both the settlor and a discretionary beneficiary and the other beneficiaries of which are members of his family.

Save as disclosed herein (but taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any exercise of any options granted or may be granted under the Pre-IPO Scheme and the Share Option Scheme), our Directors are not aware of any person (who are not Directors) who will, immediately following completion of the Global Offering, have an interest or short position in our shares or underlying shares which will be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be 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 our Company and are therefore regarded as substantial shareholders of our Company under the Hong Kong Listing Rules.

CONTROLLING SHAREHOLDER

Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking account of any Shares which may fall to be issued upon exercise of any options which have been granted or which may be granted under the Pre-IPO Scheme or the Share Option Scheme), Wah Kwong Holdings will be directly interested in approximately 75% of the total issued share capital of the Company. Wah Kwong Holdings is therefore a controlling shareholder of the Company.

		HK$
Authorised share capital:		
30,000,000,000	Shares	3,000,000,000
Shares issued and to be issued fully paid or credited as fully paid:		
100	fully paid Shares in issue as at the Latest Practicable Date	10
374,999,900	fully paid Shares to be issued to Wah Kwong Holdings pursuant to the Reorganisation *(Note 1)*	37,499,990
125,000,000	fully paid Shares to be issued by the Company pursuant to the Global Offering *(Note 2)*	12,500,000
Total:		
500,000,000	Shares	50,000,000

Notes:

1. *Immediately following the issue of Shares to Wah Kwong Holdings pursuant to the Reorganisation, Wah Kwong Holdings will be holding an aggregate of 375,000,000 Shares.*

2. *These 125,000,000 Shares comprise 12,500,000 Public Offer Shares (subject to adjustment) and 112,500,000 International Offering Shares (subject to adjustment).*

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and does not take into account any new Shares which may be issued by us pursuant to the exercise of the Over-allotment Option, the exercise of any options which have been granted or which may be granted under the Pre-IPO Scheme and the Share Option Scheme or any shares which may be allotted or issued or repurchased by the Company under the general mandates for the allotment and issue or repurchased of Shares granted to the Directors referred to below.

If the Over-allotment Option is exercised in full, then 18,750,000 additional new Shares will be issued and allotted by us.

RANKING

The Offer Shares to be issued will rank equally with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the Listing Date.

PRE-IPO SCHEME AND SHARE OPTION SCHEME

The Company has conditionally adopted the Pre-IPO Scheme and the Share Option Scheme.

Under the Pre-IPO Scheme, options to subscribe for Shares have been granted to each of the Executive Directors (being Chao George Sze Kwong, Chao Sih Ming Sabrina, Timothy Scott Huxley and Kam Koon Tong David) and one full-time employee of the Company. Please refer to the section headed "Pre-IPO Scheme" in Appendix VII to this prospectus for a summary of the principal terms of the Pre-IPO Scheme and details of the options granted under the Pre-IPO Scheme.

Under the Share Option Scheme, eligible persons may be granted options which entitle such persons to subscribe for Shares representing up to a maximum of 10% of the aggregate nominal value of the Company's share capital in issue immediately following completion of the Global Offering (but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option and any Shares which may be issued pursuant to the exercise of any options granted or which may be granted under the Pre-IPO Scheme or the Share Option Scheme). Please refer to the section headed "Share Option Scheme" in Appendix VII to this prospectus for a summary of the principal terms of the Share Option Scheme.

GENERAL MANDATE TO ISSUE SHARES

If the Global Offering becomes unconditional as stated in the section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" in this prospectus, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by our Shareholders) shall not exceed:

(a) 20% of the aggregate nominal value of the share capital of the Company in issue immediately following completion of the Global Offering (but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option and any Shares which may be issued pursuant to the exercise of any options granted or which may be granted under the Pre-IPO Scheme or the Share Option Scheme); and

(b) the aggregate nominal value of the share capital of the Company repurchased by the Company (if any).

This general mandate to issue Shares will remain in effect until:

(i) the conclusion of the Company's next annual general meeting;

(ii) the expiration of the period within which the Company's next annual general meeting is required by any applicable law or the Articles of Association to be held; or

(iii) it is varied or revoked by an ordinary resolution of the Company's shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, please refer to the section headed "Resolutions of the sole Shareholder" in Appendix VII to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

If the Global Offering becomes unconditional as stated in the section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" of this prospectus, our Directors have been granted a general unconditional mandate to exercise all our powers to repurchase Shares with a total nominal value of not more than 10% of the aggregate nominal value of the Company's share capital in issue immediately following completion of the Global Offering (but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option and any Shares which may be issued pursuant to the exercise of any options granted or which may be granted under the Pre-IPO Scheme or the Share Option Scheme).

This mandate only relates to repurchases made on the Hong Kong Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Hong Kong Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Hong Kong Listing Rules. A summary of the relevant Hong Kong Listing Rules is set out in the section headed "Repurchase by our Company of our own Securities" in Appendix VII to this prospectus.

The general mandate to repurchase Shares will remain in effect until:

(i) the conclusion of the Company's next annual general meeting;

(ii) the expiration of the period within which the Company's next annual general meeting is required by any applicable law or the Articles of Association to be held; or

(iii) it is varied or revoked by an ordinary resolution of the Company's shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate to repurchase shares, please refer to the section headed "Resolutions of the sole Shareholder" in Appendix VII to this prospectus.

The following discussion should be read in conjunction with our combined audited financial information as at 31 March 2005, 2006 and 2007 and 31 December 2007 and for the three years ended 31 March 2007 and for the nine months ended 31 December 2007 ; as well as our combined unaudited financial information for the nine months ended 31 December 2006, and the accompanying notes included in the Accountant's Report in Appendix I to this prospectus. We have prepared our combined financial information in accordance with IFRS, which differ in certain material respects from generally accepted accounting principles in other jurisdictions, including the United States.

The following discussion contains certain forward-looking statements relating to the Group's plans, objectives, expectations and intentions, which are based on the Group's current expectations and are subject to risks, uncertainties and changes in circumstances. For further information on risks and other factors that could affect the accuracy of forward-looking statements and the Group's results of operations, please refer to the sections headed "Risk factors" and "Business" and elsewhere in this prospectus. References to "we", "us" and "our" or "the Group" in this discussion refer to our Company together with our subsidiaries, joint ventures and associated companies.

OVERVIEW

We own, and jointly own through joint venture arrangements, one of the youngest fleets of modern mid to large sized bulkcarriers and tankers in the world, with an average age of around 2.3 years. Our principal sources of revenue are revenues from charterhire and the proceeds arising on disposal of vessels. The origins of the Group's shipping business can be traced back over 55 years. Our modern Fleet of vessels is focused on the bulkcarrier, crude and product tanker sectors. Our bulkcarrier Fleet consists of ships ranging in size from approximately 53,000 to 180,000 dwt, represented by the capesize, panamax and supramax shipping sectors and are primarily engaged in the carriage of major dry bulk cargoes such as iron ore, coal and grain. Our tanker Fleet range in size from approximately 61,000 dwt to over 300,000 dwt, are suited for the carriage of crude oil and some refined oil products, and are all double hull designs, to ensure greater safety and meet IMO requirements for operation beyond 2010.

At a little over two years, the average age of Our Fleet compares favourably to the average age of 16.0 and 11.9 years for the world fleet of bulkcarriers and crude oil tankers, respectively as of March 2008.[1] One of our aims is to continue to acquire new vessels and to operate them while their maintenance costs are materially less when compared with the maintenance costs of older vessels. Maintaining a young fleet entails disposing of older vessels which we aim to do at opportune times, and before increasing costs associated with older vessels set in. As at the Latest Practicable Date, the Wah Kwong Maritime Group owned interests in 11 merchant ships with a total dwt of approximately 1,773,000 tonnes, represented by four crude oil tankers and seven bulkcarriers. Of these vessels, three are wholly owned, six are held by 50:50 joint ventures with established and independent business partners, and the remaining two represent minority held interests. In addition, the Wah Kwong

1 According to MSI, March 2008

Maritime Group currently has on order 11 newbuilding bulkcarriers consisting of two capesize bulkcarriers, two post-panamax bulkcarriers and seven supramax bulkcarriers, with a total deadweight of approximately 914,000 tonnes which are scheduled to be delivered between 2009 and 2011. The combined fleet of existing ships and newbuildings, once completed and delivered, would have an aggregate tonnage of approximately 2,687,000 dwt.

The main sources of income of the Wah Kwong Maritime Group are charterhire income and proceeds on disposal of vessels. It is the Wah Kwong Maritime Group's policy to time charter its vessels for terms of one to five years, depending on prevailing market conditions at the time and our assessment of the future outlook of the shipping market. All of the Wah Kwong Maritime Group's ships are placed on time charters to a diversified group of internationally recognised charterers. All of the Wah Kwong Maritime Group's charterers are established operators and cargo interests, being either listed companies or amongst the largest privately owned groups in their industry sector. The Wah Kwong Maritime Group's ships do not operate in the spot market for charters nor are they placed on bareboat charters. The Wah Kwong Maritime Group aims to arrange employment of its vessels on relatively long time charters, generally between three to five years for tankers (all of our current charters are for a period of five years) and between one to five years for bulkcarriers. It is the aim of the Wah Kwong Maritime Group to negotiate the time charters of newbuildings during their construction phase, with the objective that they will be employed immediately following delivery of the vessels by the shipyard. Further, the secured employment of a vessel also enables the Wah Kwong Maritime Group to negotiate more favourable terms for the acquisition finance of the vessel. Period time charters avoid the volatility and possible idle vessel time associated with operating a vessel on the spot market. Additionally, a varied portfolio of time charter periods affords the Wah Kwong Maritime Group the opportunity to sell investments in vessels at opportune moments, which enables us to maintain a low average fleet age.

Our results can be affected materially by the number of vessels sold in a financial year and the prices at which they are sold. Depending on market conditions, we will only dispose of a vessel when an opportunity arises that fits our business plans and strategies.

Most of the Wah Kwong Maritime Group's charterers are long established customers who, in several cases, are partners in the investment of the vessel. The time charters entered into permit the vessels to be used for the transport of permissible cargoes to safe ports globally. The crude and product tankers carry crude oil and refined oil products from the Middle East to Asia, Europe and the US as well as trading within the Carribbean/Atlantic Basin. The bulkcarriers of the Wah Kwong Maritime Group primarily transport iron ore and coal from South Africa, Brazil, Australia, and India to the PRC and the Asia Pacific region and agricultural products, coal and minerals from the US to the Asia Pacific region and West Africa. The growing and developing economies of the PRC and other Asian nations have spurred the demand for raw materials and energy which the shipping sector helps supply.

For the three years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2006 and 2007, our revenue was approximately US$240.18 million, US$45.59 million, US$133.64 million, US$49.81 million and US$74.44 million, respectively. The following table sets out our revenue contribution by charterhire income and proceeds from the sale of vessels and as a percentage of our total revenue for the periods indicated.

	For the year ended 31 March						For the nine months ended 31 December			
	2005		2006		2007		2006 (unaudited)		2007	
(US$'000)	*Revenue*	*% of total revenue*	*Revenue*	*% of total revenue*	*Revenue*	*% of total revenue*	*Revenue*	*% of total revenue*	*Revenue*	*% of total revenue*
Revenue:										
Charterhire income	35,099	14.6%	27,450	60.2%	38,391	28.7%	30,011	60.2%	38,442	51.6%
Sales of vessels	205,082	85.4%	18,142	39.8%	95,245	71.3%	19,800	39.8%	36,000	48.4%
Total revenue	240,181	100.0%	45,592	100.0%	133,636	100.0%	49,811	100.0%	74,442	100.0%

SIGNIFICANT TRANSACTIONS

During the Track Record Period, we have purchased and sold vessels as follows:

	For the year ended 31 March						For the nine months ended 31 December	
	2005		2006		2007		2007	
	No. of vessels	Total tonnage *(DWT)*	No. of vessels	Total tonnage *(DWT)*	No. of vessels	Total tonnage *(DWT)*	No. of vessels	Total tonnage *(DWT)*
No. of bulkcarriers as at the beginning of the year/period	6	272,952	—	—	2	348,225	4	595,927
- Less: Disposals[(1)]	9[(1)]	558,952	—	—	1	73,546	—	—
- Add: Delivery[(1)]	3[(1)]	286,000	2	348,225	3	321,248	2	106,806
No. of bulkcarriers as at the end of the year/period	—	—	2	348,225	4	595,927	6	702,733
No. of tankers as at the beginning of the year/period	1	298,287	3	908,709	4	969,913	4	969,913
- Less: Disposals[(2)]	1[(1)]	47,000	1[(2)]	61,000	2[(3)]	232,400	1[(4)]	73,400
- Add: Delivery[(2)]	3[(1)]	657,422	2[(2)]	122,204	2[(3)]	232,400	1[(4)]	73,400
No. of tankers as at the end of the year/period	3	908,709	4	969,913	4	969,913	4	969,913

(1) Figures include three bulkcarriers and one tanker sold by the Group prior to taking delivery in the year ended 31 March 2005.

(2) Figures include one tanker sold by the Group prior to taking delivery in the year ended 31 March 2006.

(3) Figures include two tankers sold by the Group prior to taking delivery in the year ended 31 March 2007.

(4) Figures include one tanker sold by the Group prior to taking delivery in the nine months ended 31 December 2007.

BASIS OF PREPARATION

We were incorporated in the Cayman Islands on 4 September 2007 in preparation for the Reorganisation and the listing of the Shares on the Stock Exchange. As a result of the Reorganisation, each of the Vessel Companies became subsidiaries, jointly controlled entities or associated companies of the Group. For more details, please refer to the section headed "Our History and Corporate Structure" and the section headed "Further Information about the Company — Reorganisation" in Appendix VII to this prospectus.

The Reorganisation involved companies under the common control of the Wah Kwong Holdings Group. As the Wah Kwong Holdings Group owned or controlled the Group's business before the Reorganisation and continues to control the Group after the Reorganisation, the Reorganisation is considered as a business combination under common control in a manner similar to pooling-of-interests. Accordingly, our combined income statements, combined statements of changes in equity and combined cash flow statements for the years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2006 and 2007 have been prepared using the financial information of the companies comprising the Group, as if the current group structure had been in existence throughout the Track Record Period or since the date when the subsidiaries first came under the control of Wah Kwong Holdings Group where it is a shorter period. Our combined balance sheets as at 31 March 2005, 2006 and 2007 and 31 December 2007 have been prepared to present the assets and liabilities of the companies comprising the Group as at these dates, as if the current group structure had been in existence at these dates.

Although the equity interest in Croxford Limited, Corwen Limited, Fertility Development Company Limited, Oceanic Star (HK) Limited, Olivier Shipping Limited, Ranch Investments Limited, Sunny Dene Enterprises Limited and Super Venture International Limited (the "**Excluded Companies**") were not transferred to the Group pursuant to the Reorganisation, their operating results for the Relevant Periods and their financial positions as at the respective balance sheet dates have been included in our financial statements up to the date of the disposal of the relevant vessels, because the Excluded Companies were involved in the Bulkcarrier and Tanker businesses during the years ended 31 March 2005, 2006 and 2007 (the "Relevant Periods") and were under common control and management with other companies comprising the Group. The assets and liabilities held by the Excluded Companies were treated as deemed distributions to their respective equity holders at the time when the related vessels were disposed of during the Relevant Periods.

Prior to the Reorganisation, certain head office functions and expenses were applicable to the companies under the common control of the Wah Kwong Holdings Group as a whole. With the Reorganisation, it is expected that the Company will have those expenses as a separate company going forward. These expenses were not reflected in our combined financial statements for the Track Record Period since they were absorbed by Wah Kwong Holdings or its subsidiaries not forming the Group. The expenses principally consist of management and administrative staff costs and related expenses, director remunerations and office rental and other overhead costs. We have contracted for office rentals aggregating approximately HK$1.28 million per year with tenures ranging from 12 months to two years for the Company and expect to pay director remunerations as described in the section titled "Directors, Senior Management and Employees" in this prospectus. In addition, pre-delivery supervision fees for the supervision of vessel during construction on wholly-owned vessels were not charged against the Group by a fellow subsidiary prior to Listing, and therefore are not reflected in our combined financial statements for the Track Record Period. We expect that we will have these expenses going forward as a separate company. Pre-delivery supervision fees generally amount to approximately US$500,000 per vessel. Pursuant to the terms of the Supervision Agreements, the supervision fee is payable in four equal installments upon the occurrence of certain events relating to the construction and delivery of the vessel. If the construction of a vessel is delayed and the period in which the supervisor is stationed at the relevant shipbuilding yard exceeds 12 full months, an additional fee ranging from US$25,000 to US$40,000 per month, on a pro-rata basis, will be required under the Supervision Agreement. The supervision fee is capitalised and depreciated over the estimated useful life of the vessel.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition and the period-to-period comparability of our financial results have been and will continue to be affected by a number of factors, including those set out below:

Vessel acquisitions and our ability to acquire ships competitively

We have in the past added to Our Fleet by acquiring newbuildings. There is generally a lead time of at least 22 months from the time of placing an order for a newbuilding to delivery, although this can be significantly longer in periods of high shipbuilding demand. We expend substantial sums in the form of initial down payments and progress payments upon the achievement of certain milestones during the ship construction process. In general, the payment for newbuildings are usually staged in five payments. The five payment stages are usually the signing of the contract or receipt of refund guarantee, steel cutting, keel-laying, launching and delivery. Although we generally initially finance orders for newbuildings with internal resources, a significant portion of the acquisition cost of a vessel is typically financed through bank borrowings, all of which bear floating interest rates. In some instances, pre-delivery bank financing may also be utilised for the staged payments. We generally finance up to 80% of the purchase price of a vessel through bank borrowings. All the acquisition borrowings for the vessels in Our Fleet are denominated in US dollars. The outstanding commitments of the Wah Kwong Maritime Group for the construction of newbuildings as at 31 March 2005, 2006 and 2007 and 31 December 2007 was US$183.45 million, US$130.18 million, US$50.27 million and US$342.72 million (including currency adjustment), respectively. In addition, all but one of our newbuilding construction contracts contain a currency adjustment in the purchase price whereby we

would be required to pay additional purchase price of up to 10% of the original purchase price or up to 15% of two of the five payment installments should the exchange rate between US$ and the RMB reach a certain level. During the construction period, we do not derive any revenue from or otherwise incur any operating expenses relating to these vessels, other than pre-delivery supervision of ship construction for certain vessels and the provision of owner-supplied items, but may bear costs for financing the staged payments.

The following table sets forth the delivery schedules of our ordered newbuildings and the amount of financing that has been obtained, including amounts subject to offer letters, for each newbuilding as at the Latest Practicable Date.

Vessel	**Type**	**Dwt** *(tonnes)*	**Owned** *(%)*	**Expected delivery date**	**Expected Supervisory Fee[2]**	**Total purchase price[1]** *(US$'000)*	**Amount financed as at the Latest Practicable Date** *(US$'000)*
CHENGXI H-4253	Geared supramax bulkcarrier	53,000	100.0	Jan 2009	500	42,500[3]	—
CHENGXI H-4247	Geared supramax bulkcarrier	53,000	50.0[4]	Jun 2009	400	41,000[3]	—
CHENGXI H-4248	Geared supramax bulkcarrier	53,000	50.0[5]	Aug 2009	400	41,000[3]	—
CHENGXI H-4250	Geared supramax bulkcarrier	53,000	100.0	Nov 2009	500	42,500[3]	—
CHENGXI H-4251	Geared supramax bulkcarrier	53,000	100.0	Oct 2010	500	43,000[3]	8,600
SWS H-1149	Capesize bulkcarrier	177,000	50.0[6]	Nov 2010	300	80,000[3]	69,804
CHENGXI H-4252	Geared supramax bulkcarrier	53,000	50.0[7]	Nov 2010	500	43,000[3]	—
DALIAN BC1800-28	Capesize bulkcarrier	180,000	100.0	Nov 2010	500	86,000	51,600
CHENGXI H-4254	Geared supramax bulkcarrier	53,000	100.0	Dec 2010	500	43,000[3]	8,600
WBC93-01	Post-panamax bulkcarrier	93,000	50.0[8]	Dec 2010	550	52,800[10]	31,680
WBC93-02	Post-panamax bulkcarrier	93,000	50.0[9]	Feb 2011	550	52,800[10]	—
Total		914,000				567,000	170,284

(1) The total purchase price is reflected without regard to the Group's proportionate interest in the vessel. The Group's obligation to pay for such purchase price is only pursuant to its proportionate interest in the newbuilding.

(2) Reflected without regard to the Group's proportionate interest in the vessel. The Group's obligation to pay for such fee is only pursuant to its proportionate interest in the newbuilding.

(3) Total purchase price does not include potential cost escalation that may be due on some or all of the payment installments prior to delivery due to foreign currency exchange fluctuations. However, there is a maximum limit to this potential cost escalation of up to 15% of the first and the last instalment payments or 10% of the total original purchase price.

(4) Represents the Group's 50.0% ownership interest in Clear Mountain Shipping Limited, which owns the vessel.

(5) Represents the Group's 50.0% ownership interest in Ever Progress Trading Limited, which owns the vessel.

(6) Represents the Group's 50.0% ownership interest in Winyield Investments Limited, which owns the vessel.

(7) Represents the Group's 50.0% ownership interest in Chainhurst Limited, which owns the vessel.

(8) Represents the Group's 50% ownership interest in Regal Land International Limited, which owns the vessel.

(9) Represents the Group's 50% ownership interest in Belvedere Capital Trading Ltd, which owns the vessel.

(10) Total purchase price does not include potential cost escalation that may be due on some or all of the payment installments prior to delivery due to foreign currency exchange fluctuations. However, there is a maximum limit to this potential cost escalation of up to 10% of the total original purchase price or 15% of the first and the last installment payments.

Sale activities during the Track Record Period

During the Track Record Period, we have realised income from the sale of vessels. Our operating results will fluctuate depending on the number of vessels we may order and dispose of during a financial year and the prices at which we are able to acquire or dispose of the vessels. Depending on market conditions, we will dispose of a vessel when an opportunity arises that fits our business plans and strategies. We consider several factors when determining whether to dispose of a vessel, including the available market price, future earnings prospects for the vessel, future maintenance costs, particularly any impending scheduled drydocking, and whether selling the vessel (as opposed to retaining it for continued trade) is in the best interests of the current and future financial position of the Group. Another factor that we consider in the analysis of whether to dispose of a vessel is the timing of the sale and its effect on our ability to maintain a fleet size that meets the needs of our customers. Whilst we aim to maintain a balanced fleet, a sale of a vessel may not be timed to coincide with an acquisition of another vessel. The sale and purchase of vessels affect the size of Our Fleet and directly affect our ability to generate charterhire income.

Fluctuations in charterhire rates

In recent years, global and Asian economic growth has prompted a rise in demand for raw materials and bulk goods. Our results of operations are affected by the charterhire rates available for the vessels in Our Fleet, which, in turn, directly depend on the global and regional economies and the general volume of international trade as well as the volume of imports and exports of major seaborne bulk commodities, such as grain, coal and crude oil, to and from countries in the Asia-Pacific region, particularly China. Changes in economic conditions and the level of business activity within China, the rest of the Asia-Pacific region, the United States and the other principal trading regions will continue to affect the demand for bulkcarriers and tankers and the charterhire rates available for such vessels and, consequently, our results of operations. For more information, please see the section titled "Industry Overview" in this prospectus.

Cyclicality of shipping industry

We generate revenue from charterhire income and proceeds from the sale of vessels. Historically, the bulkcarrier and the tanker shipping industries have been cyclical, experiencing volatility incharterhire rates, profitability and asset values due to changes in the supply and demand for shipping capacity and changes in the global demand for dry bulk cargo, such as coal and grains, and crude oil. Due to such cyclicality, we have in the past experienced fluctuations in charterhire rates and operating results. In addition to the market forces of demand for bulkcarriers and tankers, the available supply of vessel capacity also affects our charterhire rates, particularly for the capesize, panamax and supramax sectors in the dry bulk industry. The supply of vessels is a function of, among other things, the delivery of newbuildings and the number of older vessels that are removed from bulkcarrier and tanker operations. Vessel values are also subject to the forces of supply and demand for shipping capacity in the world. Vessel values tend to rise when potential purchasers of vessels can expect to earn a higher return on an investment in a vessel, particularly in times of relatively high demand for vessel capacity and relatively low supply of vessel capacity.

Timing of the expiration of our time charter contracts

We charter the vessels in Our Fleet for terms of one to five years, depending on prevailing market conditions at the time and our assessment of the future outlook. Generally, charters are for three to five years for tankers (all of our current charters are for a period of five years) and between one and five years for bulkcarriers. Some of our charterparty agreements give charterers an option to renew the time charter for an additional one to four years (depending on the agreement) at higher charterhire rates. Our ships do not operate in the spot market for charters, nor are they placed on bareboat charters. We aim to arrange our time charters so that they expire on a staggered basis to allow us to take advantage of increases in charterhire rates during periods of high demand and partially insulate us from decreases in charterhire rates during periods of low demand.

Operating costs and effective operating days

Under the terms of our charterparty agreements, the charterer is generally responsible for the bunker costs and port charges and will only pay the charterhire rate for days for which the vessel is available for operation. We are generally responsible for the other operating costs, including crew wages, insurance premiums and spending on repair and maintenance, lubricant and ship management fees. Repair and maintenance costs include drydocking and special surveys, which are performed at regular intervals depending on the type of vessel. The vessel will not be earning revenue during any day when it is off-hire, including days when it is conducting repair and maintenance. In the years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2007, we incurred operating costs (excluding depreciation and compensation to charterer for early termination) and ship management fees of approximately US$6.93 million, US$4.58 million, US$6.21 million and US$6.85 million, respectively, which represented 19.8%, 16.7%, 16.2% and 17.8%, respectively, of our charterhire income. In addition, the vessels in Our Fleet (excluding the two vessels held by Vessel Companies in which we hold minority interests, if applicable) were off-hire for a total of 35.7 days, or 0.47%, out of a possible 7,556.19 operating days during the Track Record Period.

CRITICAL ACCOUNTING POLICIES

Our discussion and analysis of our operating results and financial condition are based on our audited combined financial information, which has been prepared in accordance with IFRS under the historical cost convention. Our operating results and financial condition are sensitive to accounting policies, assumptions and estimates that underlie the preparation of our financial information. We base our assumptions and estimates on our industry experience and on various factors, including our expectations of past and future events that it believes to be reasonable. Our management evaluates these estimates on an ongoing basis. Actual results may differ from these estimates as facts, circumstances and conditions change or as a result of different assumptions.

Our management considers the following factors in reviewing its combined financial information: (i) the selection of critical accounting policies; and (ii) the judgments and other uncertainties affecting the application of those critical accounting policies.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when preparing our combined financial information. Our significant accounting policies are summarised in Note 2 of the Accountants' Report on the Group in Appendix I to this prospectus. Our management believes the following accounting policies are critical to the portrayal and understanding of our financial condition and results of operations and/or involve the most significant judgments and estimates used in the preparation of our financial statements.

Revenue recognition

Revenue comprises the fair value of the consideration for the rendering of services and sales of goods, including vessels, in the ordinary course of activities of the Group and is recognised when the amount can be reliably measured; it is probable that future economic benefits will flow to the Group and specific criteria for each of the activities have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the activity have been resolved. Revenue is shown net of value added tax, returns, rebates and discounts, allowances for credit and other revenue reducing factors. Revenue from ship chartering is recognised on a straight line basis over the hire period while other incidental income is recognised when earned. Sale of vessels is recognised upon the completion of the sale and purchase agreement when legal title is transferred to the purchaser.

Motor vessels

For purposes of depreciation, all motor vessels in Our Fleet have an estimated useful life of 20 years from the date of delivery. Motor vessels are stated at historical cost less accumulated depreciation and provision for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the asset, including costs related to shipbuilding supervision. Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of replaced parts are derecognised. All other repairs and maintenance costs are charged to income statement

during the financial period in which they are incurred. Motor vessels are depreciated on a straight-line basis at rates sufficient to write off their costs over their estimated useful lives to their respective estimated residual values, which for the vessels in Our Fleet are the scrap value of the metal. No depreciation is provided for vessels under construction.

The cost of the drydocking of a vessel is depreciated over the period up to the next estimated drydocking cycle, usually ranging from three to five years. Costs incurred on subsequent drydocking of vessels are capitalised and depreciated over the period to the next estimated drydocking cycle. Where a drydocking takes place prior to the expiry of the estimated cycle, the remaining costs of the previous drydocking are written off immediately.

On each balance sheet date, the residual values and useful lives of the vessels in Our Fleet are reviewed, and adjusted if appropriate. The carrying amounts of assets are reviewed regularly. Should the estimated recoverable amounts decline below their carrying amounts, the carrying amounts would be written down to their estimated recoverable amounts. In assessing the estimated recoverable amounts, we review certain indicators of potential impairment, such as reported sale and purchase prices and general market conditions. If the estimated future cash flow or related assumptions in the future causes us to believe that they are of a long-term nature, an impairment loss might be required to be recognised.

Motor vessels which are subject to sale yet to be completed are classified as vessel pending completion of sale and stated at the lower of carrying amount and fair value less costs to sell if the carrying amount is recovered principally through a sale transaction rather than through continuing use. Assets are classified as held for sale upon Board approval and signing of memorandum of agreement for such sale.

Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortisation, but are tested at least annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Non-financial assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of an asset less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). These calculations require the use of estimates, such as discount rates, future profitability, growth rates and estimation of future returns.

Jointly controlled entities

A jointly controlled entity is a company in respect of which a contractual arrangement is established between the Group and a third party or parties pursuant to which the Group and the other party(ies) undertake an economic activity which is subject to joint control and none of the parties has

unilateral control over the economic activity. The interests in jointly controlled entities are accounted for using the proportionate consolidation method, under which the share of individual assets and liabilities, income and expenses and cash flows of the jointly controlled entities is included in the relevant components of our combined financial statements.

DESCRIPTION OF SELECTED INCOME STATEMENT LINE ITEMS

Revenue

We generate revenue principally from charterhire income and proceeds from the sale of vessels. Charterhire income from the time charter of our dry bulkcarriers and tankers forms a relatively stable income platform for us. Sales of vessels by the Group occur infrequently and are more dependent on market conditions and can be affected by many factors, including the available market price, future earnings prospects for the vessel, future maintenance costs, particularly any impending scheduled drydocking, timing of the sale, expected deliveries of newbuildings and whether selling the vessel (as opposed to retaining it for continued trade) is in the best interests of our current and future financial position. We sell the vessels in Our Fleet as part of our operating strategy of keeping Our Fleet as young as possible.

Charterhire income

Charterhire income is principally derived from two business segments, the time charter of bulkcarriers and the time charter of tankers.

In general, fluctuations in our charterhire income from period to period are sensitive to a number of factors including:

Number of vessels available for charter — The total number of vessels that we have in operation that offer effective shipping capacity has a significant impact on our revenue. Acquisitions and sales of vessels affect the number of vessels available for charter and also the tonnage capacity we are able to offer for time charter at any time. While sale of vessels may immediately reduce the total tonnage capacity of Our Fleet, the acquisition of newbuildings would not have an immediate impact on our results until such vessels are put into operation.

Effective operating days of the fleet — We have a young fleet with an average age of around 2.3 years as at the Latest Practicable Date, which allows us to keep the repair and maintenance costs at relatively low levels and minimise the number of off-hire days required for repair and maintenance. Effective operating days are the number of days that a vessel is on charter to a charterer. Any days on which such vessel is not on time charter or is undergoing repairs and maintenance are considered off-hire days. Our total number of available operating days during any particular period depends on the number of ships in Our Fleet at the time. In the event that we dispose of a vessel and there is a period of time before the delivery of a newbuilding, the number of available operating days will be reduced. Similarly, upon putting a newbuilding into operation, the number of available operating days

will be increased. As a result, our revenue may be affected by the number of effective operating days of the various vessels in Our Fleet. The following table below sets out the operating information of Our Fleet for both bulkcarriers and tankers during the Track Record Period.

Utilisation	**For the year ended 31 March**			**For the nine months ended 31 December**	
	2005	**2006**	**2007**	**2006**	**2007**
Bulkcarriers[1]					
Total number of operating days available	1,360.74	148.77	652.80	472.80	950.21
Total number of off-hire days	—	—	—	—	24.22
Fleet utilisation (%)[2]	**100.0**	**100.0**	**100.0**	**100.0**	**97.45**
Tankers					
Total number of operating days available	712.17	1,161.80	1,459.70	1,110.00	1,110.00
Total number of off-hire days	—	0.42	10.76	10.76	0.30
Fleet utilisation (%)[2]	**100.0**	**99.96**	**99.26**	**99.03**	**99.97**

(1) Excluding the two vessels held by Vessel Companies in which we held minority interests if applicable.

(2) Fleet utilisation rate represents the total number of operating days as a percentage of total available operating days available for the year/period.

Charterhire rate — As the shipping industry is highly cyclical, charterhire rates have historically been very volatile. In recent years, the global and regional economies have grown, which has increased global demand for major cargos, such as coal, iron ore and grains. In addition, demand from China for its infrastructure projects has further stimulated the demand for raw materials delivered by sea. For the dry bulk sector, the market conditions were in an uptrend during the Track Record Period. The Baltic Dry Index, which tracks dry bulk shipping rates, increased by approximately two times during the three calendar years from 2005 to 2007. For the tanker sector, the demand for crude oil shipping services increased steadily during the Track Record Period, though the delivery of newbuildings in the market has increased the supply of tanker capacity, which has led to a decrease in available charterhire rates for tankers. Reflecting the volatility of the tanker market, this sector has seen a recent upturn at the end of 2007.

We generally charter our dry bulkcarrier vessels for periods of one to five years and our tankers for a period of three to five years (all of our current charters are for a period of five years). We do not operate in the spot market for charters and do not place the vessels in Our Fleet on bareboat charters.

The average current charter rate of the Wah Kwong Maritime Group's fleet of capesize, panamax and supramax bulkcarriers is US$25,150, US$42,800 and US$33,250 per day, respectively. In 2007, the five year time charter rates for capesize, panamax, and supramax bulkcarriers increased approximately 82%, 93% and 75%, respectively, from 2006 levels[1].

Profit Sharing Provisions — We have entered into long-term charterparty agreements with respect to two of our VLCC tankers, 'ARDENNE VENTURE' and 'STARLIGHT VENTURE', that contain profit sharing provisions. Each such charter provides that the respective charterer must pay us a minimum base charterhire rate of US$25,000/day plus a proportion of the excess market charter rate above such base rate. The minimum base charterhire rate is generally paid 30 days in advance and the excess or profit sharing provision is paid after the fact on a semi-annual basis. The excess or profit sharing portion is calculated on the basis of the earnings of a comparable vessel trading in the Tankers International LLC pool over the same period. This excess over the floor rate is then divided in an agreed ratio between the Group and the charterer. Tankers International LLC operates a tanker pool in which the commercial operations of the vessels that have joined the pool are made by Tankers International LLC, subject to any restrictions that may be included in the charter party agreement with the owner of such vessel. Each vessel in the pool is assigned a certain number of points during each period based on the performance of such vessel and receives its share of distributions from the pool based on the points allotted. For the special purpose vehicle that owns 'ARDENNE VENTURE', which we own 50% interest in, it will share 25% of any excess above the US$25,000 base rate up to US$30,000 and 50% of any such excess above US$30,000. For the special purpose vehicle that owns 'STARLIGHT VENTURE', which we own 50% interest in, it will share 50% of any excess above the base rate.

Sale of vessels

Proceeds from the sale of vessels are recognised upon the completion of the sale and purchase agreements when legal title is transferred to the purchaser. Maintaining a young fleet by keeping shipping assets as young as possible is part of our operating strategy. We aim to purchase only new vessels and to dispose of older ships when appropriate opportunities emerge. Factors included in the decision to dispose of a vessel include the market price available, future earnings prospects for the vessel and whether the sale of the vessel versus retention for continued trade is in the best interests of the current and future financial position of the Group. Other factors which are relevant in the analysis of whether to dispose of a vessel include future maintenance costs, particularly any impending scheduled drydocking. As at the Latest Practicable Date, the average age of our ships is approximately 2.3 years old. We disposed of ten vessels during the financial year ended 31 March 2005, one in the financial year ended 31 March 2006 and three in the financial year ended 31 March 2007. During the nine months ended 31 December 2007, we disposed of one vessel. The ten vessels disposed in 2005 comprised nine bulkcarriers and one tanker. Of the nine bulkcarriers sold, six vessels were existing vessels held at the beginning of the financial year with an average age of 6.8 years. As part of the Company's newbuilding programme and its strategy to maintain a young and modern fleet, older vessels are usually considered for sale and newbuildings ordered. As at the end of 2005, the Company had 12 newbuildings outstanding on order and scheduled for delivery from 2006 to 2007.

1. According to MSI, March 2008.

The remaining four of ten vessels sold were sales of newbuildings which had not yet been delivered and three of which were contracted for employment on time charter. The year 2005 marked the start of a significant upturn in the dry bulk shipping market with charter rates and newbuilding prices on the rise. The time charters for the three newbuildings with charter were fixed on lower rates existing before the upturn. The second hand prices for the vessels had risen to a level which provided a more attractive return in comparison to the return given by the lower time charter rates on which the vessels were fixed even when considering the consideration to be paid to the charterer for early termination. Hence, the three newbuildings were sold during the year and orders for six newbuildings were placed. The aggregate consideration paid for early termination was US$6.5 million. The Group had only 16.7% interest in the fourth newbuilding which was also sold. Part of proceeds from the disposals were used for payments on the newbuildings. Profit on a sale is equal to proceeds from such sale less the net asset value of the disposed vessel and all related expenses incurred in connection with the sale, including broker's commissions and compensation to the charterer for early termination. The following table sets out the number of vessels we disposed, the revenue we received and the gross profits we generated from these sales and in total for the periods indicated.

	For the year ended 31 March			For the nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	(US$'000 except for number of vessels sold)				
Number of vessels sold	10	1	3	1	1
Revenue on sale of vessels	205,082	18,142	95,245	19,800	36,000
Total revenue	240,181	45,592	133,636	49,811	74,442
Gross profit on sale	82,241	2,605	14,377	5,610	4,695
Total gross profit	102,004	17,322	39,071	25,355	29,016

Cost of operations

Our cost of operations consists principally of operating expenses and cost of vessels sold. Operating expenses include depreciation, crew wages, insurance premiums and expenses on lubricants, repair and maintenance and others. Pursuant to the Company's accounting classification, ship management fee is treated as a separate line item and not included in cost of operations. Depreciation on vessels is based on the straight-line method, at rates sufficient to write off the vessel's costs over its estimated useful life of 20 years, to the vessel's estimated residual values, which is based on the scrap value of the vessel. For the three years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2007, our operating expenses (including depreciation) were US$15.34 million, US$12.73 million, US$13.70 million and US$14.12 million, respectively. For the three years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2007, our ship management fee were US$0.59 million, US$0.28 million, US$0.40 million and US$0.42 million, respectively.

During the Track Record Period, the Group's technical manager would prepare an annual operating budget for each vessel for the Wah Kwong Maritime Group's comment and approval. At the commencement of a new technical management agreement with any Vessel Company that we do not

wholly own, the Wah Kwong Maritime Group submits an advance to the technical manager of one twelfth of the operating budget as a floating reserve together with one twelfth of the budget as operating expenses, thereafter on a monthly basis, the technical manager shall invoice the Wah Kwong Maritime Group for actual expenses as paid for the operation of the vessel. The operating budget for our wholly owned Vessel Companies were advanced by Wah Kwong Holdings to the technical manager on such Vessel Company's behalf on an as needed basis. The maximum amount paid to the technical manager by the Wah Kwong Maritime Group, or on its behalf by Wah Kwong Holdings, on a per vessel basis was US$1,053,642 in 2005, US$1,033,741 in 2006, US$2,121,117 in 2007, and US$700,000 for the nine months ended 31 December 2007. Note that these payments represent the reimbursement of operating costs of individual vessels, which were incurred and paid by the technical manager for and on behalf of the relevant vessels.

In respect of the Wah Kwong Maritime Group's current fleet, operational expenses have been within the vessel's budgeted operating expenses. In general, the technical manager is able to keep the vessel's expenditure within the proposed budgets except in some exceptional cases where an unbudgeted or unexpected expense was incurred, which usually occurred as a result of compliance with new regulations and a request by the Group to upgrade the vessel's equipment. Such exceptional expenses, if any, are applied for and approved by the Group before being implemented. In the case of a young fleet, such as that operated by the Group, additional unexpected expenses are rare as opposed to an older fleet.

During the Track Record Period, the actual expenses of all the ships in the fleet were always within budget with the exception, however, of 'MINERAL CAPEASIA', which we have a ⅙ interest in. This deviation from the budget for 'MINERAL CAPEASIA' was due to certain emergency repairs required by 'MINERAL CAPEASIA' from an accident and an increased crew cost for the year 2007 where, due to underlying market pressures, an upward adjustment took effect from September 2007, which was not within the budget prepared at the end of year 2006. The expected additional costs to the Group for this increase of crew cost for the year ended 31 March 2008 will be approximately US$6,666. The total cost to the Group from the emergency repairs, including loss of hire, bunker cost and estimated repair cost is expected to be US$347,357, of which approximately US$285,000 is expected to be covered by insurance.

Costs in relation to the shipbuilding supervision are capitalised and included in the cost of acquiring the vessel. However, during the Track Record Period, ship building supervision fees were not charged to the Group's wholly owned vessels. During the Track Record Period the Group had started construction on five wholly owned newbuildings, one in the year ended 31 March 2005, one in the year ended 31 March 2006 and three in the year ended 31 March 2007. Under the Supervision Agreements with WKS Management that the Group has entered into for all of its current newbuildings, each newbuilding will generally require a supervision fee of between US$300,000 to US$500,000 paid over the period of construction of the newbuilding.

Cost of vessels sold includes cost of acquiring a vessel less accumulated depreciation and any provision for impairment. The cost of acquiring the vessel includes the purchase price for the vessel and other expenses incurred in connection with the acquisition, including the fees paid for shipbuilding supervisory services. Costs relating to shipbuilding supervision are capitalised together with the historical cost of the vessels and then depreciated over time. For the wholly-owned

newbuildings acquired by the Group during the Track Record Period, the Group did not pay any fees for the shipbuilding supervisory services provided by WKS Management, which was consistent with the previous practice of the Wah Kwong Holdings Group. Beginning upon Listing, the relevant Vessel Company of the Group will pay such fees to WKS Management for shipbuilding supervisory services relating to each newbuilding that is in the construction phase, which will amount to approximately US$500,000 per newbuilding (assuming on-time delivery of the relevant vessel). For more information, please refer to the section titled "Relationship with Wah Kwong Holdings — Connected Transactions" in this prospectus. In addition, in the event that we are required to pay fees to a charterer for the early termination of a charter, such expenses are included in the cost of vessels sold.

The following table sets out our cost of operations by type and as a percentage of total revenue for the periods indicated.

	For the year ended 31 March						For the nine months ended 31 December			
	2005		2006		2007		2006		2007	
							(unaudited)			
(US$'000)	*Cost*	*% of total revenue*	*Cost*	*% of total revenue*	*Cost*	*% of total revenue*	*Cost*	*% of total revenue*	*Cost*	*% of total revenue*
Cost of operations:										
Operating expenses (excluding depreciation)	6,349	2.6%	4,304	9.4%	5,814	4.4%	4,423	8.9%	6,433	8.6%
Direct cost of vessels sold	122,841[(1)]	51.1%	15,537	34.1%	80,868	60.5%	14,190	28.5%	31,305	42.1%
Depreciation	8,987	3.7%	8,429	18.5%	7,883	5.9%	5,843	11.7%	7,688	10.3%
Total cost of operations	138,177	57.5%	28,270	62.0%	94,565	70.8%	24,456	49.1%	45,426	61.0%
Ship management fee	585	0.2%	276	0.6%	398	0.3%	284	0.6%	419	0.6%
Total cost of operations and ship management fee	138,762	57.8%	28,546	62.6%	94,963	71.1%	24,740	49.7%	45,845	61.6%

(1) This amount includes an aggregate amount of US$6.50 million paid to three charterers as compensation for the cancellation of charter agreements entered into with the charterers for vessels that were sold prior to being delivered to the relevant charterer.

Selling, administrative and general expenses

Selling, administrative and general expenses consist primarily of costs relating to the technical management services provided to us by WKS Management, a wholly-owned subsidiary of Wah Kwong Holdings and a connected person of the Group and auditors' remuneration. For the three years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2007, the technical management service fees paid by the Wah Kwong Maritime Group to WKS Management were approximately US$0.59 million, US$0.28 million, US$0.40 million and US$0.42 million, respectively, which represented approximately 0.42%, 0.98%, 0.42% and 0.92% of our total cost of operations and

selling, administrative and general expenses. The Directors confirm that the technical management services were provided to the Group based on agreements negotiated at arms' length. During the Track Record Period, the Group's management and administrative staff costs and related expenses, rental and other overhead expenses were aggregated with other selling, administrative and general expenses of the Wah Kwong Holdings Group and borne by the Wah Kwong Holdings Group and not included under selling, administrative and general expenses in our combined financial statements on the basis that the Group is a spin-off with no objective criteria of apportionment. Following the Reorganisation, selling, administrative and general expenses will include similar types of selling, administrative and general expenses incurred by the Group. Based on the expected composition of the management and administrative employees of the Group and the lease obligations for the Group's offices immediately upon the Reorganisation, we expect the Group to incur at least approximately US$0.20 million per month in selling, administration and general expenses, including these previously omitted expenses, for the year ending 31 March 2009.

Following the completion of the Reorganisation, the Group expects to incur annual selling, administration and general expenses of approximately US$2.43 million.

Finance income

Finance income consists primarily of interest income derived from our bank deposits. We earn interest income on the proceeds for the sale of the vessels in Our Fleet and the proceeds from our charterhire earnings until we can deploy such capital in our other operations.

Finance costs

Finance costs consist primarily of interest expense from our secured long-term bank borrowings for financing the acquisition of vessels, as well as arrangement fees, commitment fees and expenses incurred in connection with the negotiation, preparation and execution of loan documents. All our loans are denominated in US dollars and bear floating interest rates from 0.60% to 1.35% over LIBOR. Finance costs directly attributable to the construction and acquisition of vessels which can take a substantial period of time to complete are capitalised as part of the cost of the relevant vessels.

Share of profits of associated companies

Our share of results of associated companies consists of profit from our interest in Cape Asia Newbuildings Limited and Cape Asia Newbuildings (II) Limited, which are Vessel Companies that own and operate the 'MINERAL CAPEASIA' and 'CAPE SHANGHAI', respectively. We own a 16.7% interest in both Cape Asia Newbuildings Limited and Cape Asia Newbuildings (II) Limited. The 5 other investors in the associated companies include: Regal Navigation Limited, Kappa Navigation Corporation Limited, TCM Limited, U-Ming Marine Transport (Singapore) Private Limited and Grand View Investments Limited, which the Directors considered to be unrelated from each others. According to the shareholders' agreement of these two associated companies, board resolutions of these entities can be passed by a simple majority of any of the 4 directors (out of the total 6 directors appointed by each of the 6 shareholders holding equal shares). As all major operating and financial decisions (including building and selling of vessel, financing arrangements) must be approved by the board and none of the shareholders can exercise unilateral control over the entities, the Directors of

the Company are of the view that the board representation of the Group can exercise significant influence over the major operating and financial decisions of these entities. As such, the interests in these two 16.67% interest entities are classified and accounted for as associated companies of the Group under IAS 28.

SELECTED COMBINED FINANCIAL DATA

The selected combined financial data set forth below have been extracted from the combined financial information of the Group for the three years ended 31 March 2005, 2006 and 2007 and for the nine months ended 31 December 2006 and 2007, all of which is set forth in the Accountants' Report attached as Appendix I to this prospectus.

	For the year ended 31 March			For the nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(unaudited)	
Revenue:					
- Charterhire income	35,099	27,450	38,391	30,011	38,442
- Sale of vessels	205,082	18,142	95,245	19,800	36,000
Total revenue	240,181	45,592	133,636	49,811	74,442
Cost of operations:					
- Operating expenses[1]	(15,336)	(12,733)	(13,697)	(10,266)	(14,121)
- Direct cost of vessels sold	(122,841)[2]	(15,537)	(80,868)	(14,190)	(31,305)
Total cost of operations	(138,177)	(28,270)	(94,565)	(24,456)	(45,426)
Gross profit:					
- Charterhire income[1]	19,763	14,717	24,694	19,745	24,321
- Sale of vessels	82,241	2,605	14,377	5,610	4,695
Total gross profit	102,004	17,322	39,071	25,355	29,016
Other income	126	7	104	18	292
Selling, administrative and general expenses	(1,165)	(382)	(581)	(462)	(754)
Profit from operations	100,965	16,947	38,594	24,911	28,554
Finance income	53	239	833	434	628
Finance costs	(3,552)	(5,110)	(7,334)	(5,588)	(6,190)
Share of profits of associated companies	1,742	279	520	392	980
Profit for the year/period	99,208	12,355	32,613	20,149	23,972
Distributions[3]	49,985	1,730	12,798	8,376	34,028

(1) This amount excludes the ship management fee of US$0.59 million, US$0.28 million, US$0.40 million, US$0.28 million and US$0.42 million for the years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2006 and 2007, respectively.

(2) This amount includes an aggregate amount of US$6.50 million paid to three charterers as compensation for the cancellation of charter agreements entered into with the charterers for vessels that were sold prior to being delivered to the relevant charterer.

(3) These amounts include both dividends declared by our subsidiaries and jointly controlled entities and deemed distributions representing the net assets of certain subsidiaries and jointly controlled entities that have disposed of their related vessels during the relevant periods, and therefore, are not included in the Wah Kwong Maritime Group after the Reorganisation and being treated as deemed distributions to their then respective shareholders.

Set forth below is a table of selected combined financial data of the Group for the three years ended 31 March 2005, 2006 and 2007 and for the nine months ended 31 December 2006 and 2007, with each item expressed as a percentage of total revenue.

	For the year ended 31 March			For the nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
				(unaudited)	
			(*in %*)		
Revenue:					
- Charterhire income	14.6	60.2	28.7	60.2	51.6
- Sale of vessels	85.4	39.8	71.3	39.8	48.4
Total revenue	100.0	100.0	100.0	100.0	100.0
Cost of operations:					
- Operating expenses[(1)]	(6.4)	(27.9)	(10.2)	(20.6)	(19.0)
- Direct cost of vessels sold	(51.2)[(2)]	(34.1)	(60.5)	(28.5)	(42.0)
Total cost of operations	(57.6)	(62.0)	(70.7)	(49.1)	(61.0)
Gross profit:					
- Charterhire income[(1)]	8.2	32.3	18.5	39.6	32.7
- Sale of vessels	34.2	5.7	10.8	11.3	6.3
Total gross profit	42.4	38.0	29.3	50.9	39.0
Other income	0.1	0.0	0.1	0.0	0.4
Selling, administrative and general expenses	(0.5)	(0.8)	(0.4)	(0.9)	(1.0)
Profit from operations	42.0	37.2	29.0	50.0	38.4
Finance income	0.0	0.5	0.6	0.9	0.8
Finance costs	(1.5)	(11.2)	(5.5)	(11.2)	(8.3)
Share of profits of associated companies	0.7	0.6	0.4	0.8	1.3
Profit for the year/period	41.2	27.1	24.5	40.5	32.2

(1) This amount excludes the ship management fee of US$0.59 million, US$0.28 million, US$0.40 million, US$0.28 million and US$0.42 million for the years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2006 and 2007, respectively.

(2) The amount includes an aggregate amount of US$6.50 million paid to three charterers as compensation for the cancellation of charter agreements entered into with charterers for vessels that were sold prior to being delivered to the relevant charterer.

WAIVER IN RELATION TO RULE 4.04(1) OF THE HONG KONG LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH PARAGRAPHS 27 AND 31 OF THE THIRD SCHEDULE TO THE HONG KONG COMPANIES ORDINANCE

According to Paragraph 27 of the Third Schedule to the Hong Kong Companies Ordinance, we are required to include in this prospectus a statement as to the gross trading income or sales turnover (as the case may be) of our Company during each of the three financial years immediately preceding the issue of this prospectus.

According to Paragraph 31 of the Third Schedule to the Hong Kong Companies Ordinance, we are required to include in this prospectus a report by our auditors with respect to profits and losses and assets and liabilities of our Company in respect of each of the three financial years immediately preceding the issue of this prospectus.

Pursuant to rule 4.04(1) of the Hong Kong Listing Rules, we are required to include in this prospectus the Accountants' Report covering the results of the Group in respect of each of the three financial years immediately preceding the issue of this prospectus.

The Accountants' Report for each of the three years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2007 has been prepared and is set out in Appendix I to this prospectus.

An application has been made to the SFC for a certificate of exemption from strict compliance with paragraphs 27 and 31 of the Third Schedule to the Hong Kong Companies Ordinance in relation to the inclusion of the Accountants' Report for the full year ended 31 March 2008 in this prospectus on the ground that it would be unduly burdensome for us to do so within a short period of time after 31 March 2008. A certificate of exemption has been granted by the SFC under section 342A(1) of the Hong Kong Companies Ordinance on the condition that particulars of such exemption are set out in this prospectus and this prospectus will be issued on or before 29 May 2008.

An application has also been made to the Hong Kong Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Hong Kong Listing Rules in relation to the inclusion of the Accountants' Report for the full year ended 31 March 2008 in this prospectus on the ground that it would be unduly burdensome for us to do so within a short period of time after 31 March 2008, and such waiver has been granted by the Hong Kong Stock Exchange on the understanding that this prospectus will be issued on 29 May 2008 and subject to the granting of a certificate of exemption from strict compliance with the relevant requirements of the Hong Kong Companies Ordinance by the SFC and that the Listing Date will be on or before 30 June 2008.

Our Directors consider that all information reasonably necessary for potential investors to make an informed assessment of the activities or the financial position of the Group has been included in this prospectus.

Our Directors confirm that they have performed sufficient due diligence on the Group to ascertain and confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2007 and there has been no event since 31 December 2007 which would materially affect the information shown in the Accountants' Reports set out in Appendix I to this prospectus.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Nine months ended 31 December 2007 compared to the nine months ended 31 December 2006

Revenue. Our revenue increased US$24.63 million, or 49.4%, from US$49.81 million in the nine months ended 31 December 2006 to US$74.44 million in the nine months ended 31 December 2007.

Charterhire income. Revenue from vessel charters increased US$8.43 million, or 28.1%, from US$30.01 million in the nine months ended 31 December 2006 to US$38.44 million in the nine months ended 31 December 2007, principally due to an increase of US$11.98 million in income from the chartering of dry bulkcarriers, which was partially offset by a decrease of US$3.55 million in income from the chartering of tankers. The increase in dry bulkcarrier charterhire income was principally due to an increase in the number of effective operating days of our bulkcarriers from the addition of 'SHANGHAI VENTURE' and 'GOLDEN VENTURE' to Our Fleet in May and July 2007, respectively. The decrease in tanker charterhire income was principally due to a decline in market conditions for tankers generally. Our tanker charterhire rates fluctuate from period to period due to our profit sharing arrangements with respect to two of our VLCC tankers, where we are guaranteed a base charterhire rate and share in some proportion of the upside profit potential.

Sales of vessels. Proceeds from the sale of vessels increased US$16.20 million, or 81.8%, from US$19.80 million in the nine months ended 31 December 2006 to US$36.00 million in the nine months ended 31 December 2007. We disposed of the dry bulkcarrier, 'YASMINE VENTURE', during the nine months ended 31 December 2006, at a price of US$39.60 million, of which we recognised 50%, or US$19.80 million, of the proceeds based on the terms of the joint venture that held the vessel, and did not dispose of any dry bulkcarriers during the nine months ended 31 December 2007. We disposed of the tanker, 'NEW CENTURY H0307324', during the nine months ended 31 December 2007, at a price of US$36.00 million, of which we recognised 100% as the sole owner, and did not dispose of any tankers during the corresponding period in 2006.

Cost of operations. Our cost of operations increased US$20.97 million, or 85.7%, from US$24.46 million in the nine months ended 31 December 2006 to US$45.43 million in the nine months ended 31 December 2007, compared to the 49.4% increase in revenue over the same period.

Operating costs and ship management fees. Operating costs and ship management fees increased US$3.99 million, or 37.8%, from US$10.55 million in the nine months ended 31 December 2006 to US$14.54 million in the nine months ended 31 December 2007, principally due to increases in costs relating to taking delivery of the 'SHANGHAI VENTURE' and 'GOLDEN VENTURE' to Our Fleet during the nine months ended 31 December 2007, as compared to the delivery of the 'CEMTEX VENTURE' during the nine months ended 31 December 2006. Operating costs are generally higher when we first take delivery of a vessel due to start-up expenses. In addition, we own 100% of 'SHANGHAI VENTURE' and 'GOLDEN VENTURE', whereas we only own 50% interest in 'Cemtex Venture'. Therefore, we recognise less operating costs for 'CEMTEX VENTURE' in the same period in 2006.

Cost of vessels sold. Cost of vessels sold increased US$17.12 million, or 120.6%, from US$14.19 million in the nine months ended 31 December 2006 to US$31.31 million in the nine months ended 31 December 2007, which related to the sale of the 'YASMINE VENTURE' in the foregoing period and the 'NEW CENTURY H0307324' in the latter period. 'YASMINE VENTURE' was sold after delivery and charter free, but we only owned 50% interest in it. On the other hand, 'NEW CENTURY H0307324' was sold at delivery and with a charter attached. We owned 100% in 'NEW CENTURY H0307324'. The cost of vessels sold as a percentage of revenue from sale of vessels was 71.7% for the nine months ended 31 December 2006, compared to 87.0% for the nine months ended 31 December 2007.

Gross profit. As a result of the foregoing, our gross profit increased US$3.66 million, or 14.4%, from US$25.36 million in the nine months ended 31 December 2006 to US$29.02 million in the nine months ended 31 December 2007. Our gross profit margin was 50.9% in the nine months ended 31 December 2006 compared to 39.0% in the nine months ended 31 December 2007.

Selling, administrative and general expenses. Selling, administrative and general expenses increased US$0.29 million, or 63.2%, from US$0.46 million in the nine months ended 31 December 2006 to US$0.75 million in the nine months ended 31 December 2007, primarily as a result of an increase in ship management fees paid to our technical management company in line with the expansion in the size of Our Fleet.

Operating profit. As a result of the foregoing, operating profit increased US$3.64 million, or 14.6%, from US$24.91 million in the nine months ended 31 December 2006 to US$28.55 million in the nine months ended 31 December 2007.

Finance income. Finance income increased US$0.19 million, or 44.7%, from US$0.43 million in the nine months ended 31 December 2006 to US$0.63 million in the nine months ended 31 December 2007, because of an increase in bank interest received from short-term bank deposits as we generated an increased amount of cash from operations in the nine months ended 31 December 2007.

Finance costs. Finance costs increased US$0.60 million, or 10.8%, from US$5.59 million in the nine months ended 31 December 2006 to US$6.19 million in the nine months ended 31 December 2007, due to an increase in interest paid on long-term borrowings relating to the addition of two ships to Our Fleet, namely the 'SHANGHAI VENTURE' and 'GOLDEN VENTURE' bulkcarriers.

Share of profits of associated companies. Our share of profits of associated companies increased US$0.59 million, or 150.0%, from US$0.39 million in the nine months ended 31 December 2006 to US$0.98 million in the nine months ended 31 December 2007, primarily because of an increase in profits from Cape Asia Newbuildings (II) Limited, an associate company in which we own a 16.7% interest. Cape Asia Newbuildings (II) Limited took delivery of the 'CAPE SHANGHAI' during the year ended 31 March 2007. During the nine months ended 31 December 2006, Cape Asia Newbuildings (II) Limited did not own any vessels and, therefore, did not generate any charterhire income. During such period, our share of profits of associated companies represented the profits of Cape Asia Newbuildings Limited, an associate company in which we own a 16.7% interest and the owner of 'MINERAL CAPEASIA'.

Profit for the period. As a result of the foregoing, profit for the period increased US$3.82 million, or 19.0%, from US$20.15 million in the nine months ended 31 December 2006 to US$23.97 million in the nine months ended 31 December 2007. Our net profit margin decreased from 40.5% in the nine months ended 31 December 2006 to 32.2% in the nine months ended 31 December 2007.

Year ended 31 March 2007 compared to the year ended 31 March 2006

Revenue. Our revenue increased US$88.04 million, or 193.1%, from US$45.59 million in the year ended 31 March 2006 to US$133.64 million in the year ended 31 March 2007.

Charterhire income. Revenue from vessel charters increased US$10.94 million, or 39.9%, from US$27.45 million in the year ended 31 March 2006 to US$38.39 million in the year ended 31 March 2007, principally due to (i) an increase of US$6.89 million in income from the chartering of dry bulkcarriers and an increase of US$4.05 million in income from the chartering of tankers. The increase in dry bulkcarrier charterhire income was principally due to an increase in the number of effective operating days of our bulkcarriers as a result of the delivery of the panamax bulkcarriers, 'YASMINE VENTURE' and 'CEMTEX VENTURE', in the year ended 31 March 2007. The increase in tanker charterhire income was due to an increase in the number of effective operating days of our tankers, which was due to the full year operation of 'MOONLIGHT VENTURE' in the year ended 31 March 2007, which was delivered in January 2006. In addition, the average daily charterhire rates for our VLCC tankers increased.

Sales of vessels. Proceeds from the sale of vessels increased US$77.10 million, or 425.0%, from US$18.14 million in the year ended 31 March 2006 to US$95.25 million in the year ended 31 March 2007. We disposed of the tanker, 'SUMITOMO H1317', during the year ended 31 March 2006, at a price of US$36.28 million, of which we recognised 50%, or US$18.14 million, as we have 50% interest in such vessel. We did not dispose of any dry bulkcarriers during the same period. We disposed of the two tankers, 'NEW CENTURY H0307323' and 'HYUNDAI SAMHO S-271', during the year ended 31 March 2007, at a sale price of US$36.00 million, for which we recognised 100% as sole owner and US$78.89 million, for which we recognised 50%, or US$39.45 million, as we hold 50% interest in the vessel, respectively. In addition, we disposed of a bulkcarrier, 'YASMINE VENTURE', during the same period at a sale price of US$39.60 million, for which we recognised 50% as we hold 50% interest in the vessel.

Cost of operations. Our cost of operations increased US$66.30 million, or 234.5%, from US$28.27 million in the year ended 31 March 2006 to US$94.57 million in the year ended 31 March 2007, compared to the 193.1% increase in revenue over the same period.

Operating costs and ship management fees. Operating costs and ship management fees increased US$1.09 million, or 8.3%, from US$13.01 million in the year ended 31 March 2006 to US$14.10 million in the year ended 31 March 2007, principally due to an increase in fleet size.

Cost of vessels sold. Cost of vessels sold increased US$65.33 million, or 420.5%, from US$15.54 million in the year ended 31 March 2006 to US$80.87 million in the year ended 31 March 2007, which related to the sale of the vessels described above. The cost of vessels sold as a percentage of revenue from sale of vessels was 85.6% for the year ended 31 March 2006, compared to 84.9% for the year ended 31 March 2007.

Gross profit. As a result of the foregoing, our gross profit increased US$21.75 million, or 125.6%, from US$17.32 million in the year ended 31 March 2006 to US$39.07 million in the year ended 31 March 2007. Our gross profit margin was 38.0% in year ended 31 March 2006 compared to 29.2% in the year ended 31 March 2007.

Selling, administrative and general expenses. Selling, administrative and general expenses increased US$0.20 million, or 52.1%, from US$0.38 million in the year ended 31 March 2006 to US$0.58 million in the year ended 31 March 2007, primarily as a result of an increase in ship management fees paid to our technical management company in line with the expansion in the size of Our Fleet.

Operating profit. As a result of the foregoing, operating profit increased US$21.65 million, or 127.7%, from US$16.95 million in the year ended 31 March 2006 to US$38.59 million in the year ended 31 March 2007.

Finance income. Finance income increased US$0.59 million, or 248.5%, from US$0.24 million in the year ended 31 March 2006 to US$0.83 million in the year ended 31 March 2007, because of an increase in bank interest received from short-term bank deposits as we generated an increased amount of cash from operations in the year ended 31 March 2007.

Finance costs. Finance costs increased US$2.22 million, or 43.5%, from US$5.11 million in the year ended 31 March 2006 to US$7.33 million in the year ended 31 March 2007, due to an increase in interest paid on long-term borrowings relating to vessel acquisitions.

Share of profits of associated companies. Our share of profits of associated companies increased US$0.24 million, or 86.4%, from US$0.28 million in the year ended 31 March 2006 to US$0.52 million in the year ended 31 March 2007, primarily because of an increase in profits from Cape Asia Newbuildings Limited. The company took delivery of the 'MINERAL CAPEASIA' in September 2005. Accordingly, the company earned revenue from the chartering of the 'MINERAL CAPEASIA' for the full year ended 31 March 2007 as compared to approximately six months during the year ended 31 March 2006.

Profit for the year. As a result of the foregoing, profit for the year increased US$20.26 million, or 164.0%, from US$12.36 million in the year ended 31 March 2006 to US$32.61 million in the year ended 31 March 2007. Our net profit margin decreased from 27.1% in the year ended 31 March 2006 to 24.4% in the year ended 31 March 2007.

Year ended 31 March 2006 compared to the year ended 31 March 2005

Revenue. Our revenue decreased US$194.59 million, or 81.0%, from US$240.18 million in the year ended 31 March 2005 to US$45.59 million in the year ended 31 March 2006.

Charterhire income. Revenue from vessel charters decreased US$7.65 million, or 21.8%, from US$35.10 million in the year ended 31 March 2005 to US$27.45 million in the year ended 31 March 2006, principally due to a decrease of US$11.79 million in income from the chartering of dry bulkcarriers following the sale of six bulkcarriers in the year ended 31 March 2005, which was partially offset by an increase of US$4.15 million in income from the chartering of tankers. The decrease in dry bulkcarrier charterhire income was principally due to a decrease in the number of effective operating days of our bulkcarriers. The decrease in the number of effective operating days of our bulkcarriers was due to the sale of six bulkcarriers that were hired on charter, namely 'FOREST VENTURE', 'HAPPY VENTURE', 'CARINA VENTURE', 'CHRISTINA VENTURE', 'MILLENNIUM VENTURE' and 'SABRINA VENTURE', during the year ended 31 March 2005. This was partially offset by an increase in Charterhire rates for our dry bulkcarriers due to an improvement in overall market conditions for dry bulkcarriers. The increase in tanker charterhire income was due to an increase in the number of effective operating days of our tankers. The increase in the number of effective operating days of our tankers was due to the addition of 'MOONLIGHT VENTURE' to Our Fleet during the year ended 31 March 2006, and the full year operation in the year ended 31 March 2006 of 'ARDENNE VENTURE' and 'STARLIGHT VENTURE', which were added to Our Fleet in the year ended 31 March 2005. A decline in market conditions for tankers generally in the year ended 31 March 2006 led to a decrease in our share of profits under the charter party agreements of two of our VLCCs, "ARDENNE VENTURE" and "STARLIGHT VENTURE".

Sales of vessels. Proceeds from the sale of vessels decreased US$186.94 million, or 91.2%, from US$205.08 million in the year ended 31 March 2005 to US$18.14 million in the year ended 31 March 2006. In the year ended 31 March 2005, we disposed of nine dry bulkcarriers, namely 'FOREST VENTURE', 'HAPPY VENTURE', 'CARINA VENTURE', 'CHRISTINA VENTURE', 'MILLENNIUM VENTURE', 'SABRINA VENTURE', 'OSHIMA H10384', 'OSHIMA H10385' and 'SWSH1019', at a total price of US$212.63 million for which we recognised US$169.28 million pursuant to our ownership interests in these vessels, but excluding the revenue generated from sales of vessels for which we have less than 50% ownership interest in, which revenues are recognised separately as share of profits of associated companies. 'OSHIMA H10384', 'OSHIMA H10385' and 'SWS H1019' were sold prior to their delivery. We further disposed of the tanker, 'ONOMICHI H506', at a price of US$35.80 million of which we recognised 100% as sole owner. In the year ended 31 March 2006, we disposed of tanker, 'SUMITOMO H1317', at a price of US$36.28 million, of which we recognised 50%, or US$18.14 million, as we have 50% interest in such vessel, and we did not dispose of any dry bulkcarriers in that same year.

Cost of operations. Our cost of operations decreased US$109.91 million, or 79.5%, from US$138.18 million in the year ended 31 March 2005 to US$28.27 million in the year ended 31 March 2006, compared to the 81.0% decrease in revenue over the same period.

Operating costs and ship management fees. Operating costs and ship management fees decreased US$2.91 million, or 18.3%, from US$15.92 million in the year ended 31 March 2005 to US$13.01 million in the year ended 31 March 2006, principally due to decreases in crew wages, repair and maintenance expenses and other vessel operating expenses relating to the decrease in the size of Our Fleet and the payment in 2005 of compensation for the early termination of charters entered into for vessels that were sold prior to delivery to such charterer.

Cost of vessels sold. Cost of vessels sold decreased US$107.30 million, or 87.4%, from US$122.84 million in the year ended 31 March 2005 to US$15.54 million in the year ended 31 March 2006, which related to the sale of the vessels described above. The cost of vessels sold as a percentage of revenue from sale of vessels was 59.9% for the year ended 31 March 2005, compared to 85.6% for the year ended 31 March 2006, primarily due to the fact that vessels sold in the year ended 31 March 2005 were older vessels, with higher accumulated depreciation, as compared to the vessels sold in the year ended 31 March 2006. In addition, in the year ended 31 March 2005, we paid an aggregate amount of US$6.50 million in compensation to three charterers for the early termination of charters entered into for vessels that were sold prior to delivery to such charterers. These payments are included as cost of vessels sold for the corresponding vessel.

Gross profit. As a result of the foregoing, our gross profit decreased US$84.68 million, or 83.0%, from US$102.00 million in the year ended 31 March 2005 to US$17.32 million in the year ended 31 March 2006. Our gross profit margin was 42.5% in year ended 31 March 2005 compared to 38.0% in the year ended 31 March 2006.

Selling, administrative and general expenses. Selling, administrative and general expenses decreased US$0.78 million, or 67.2%, from US$1.17 million in the year ended 31 March 2005 to US$0.38 million in the year ended 31 March 2006, primarily as a result of a decrease in ship management fees paid to our technical management company due to a decrease in fleet size. Additionally, we did not pay any supervision fees in the year ended 31 March 2006 whereas we paid supervision fees during a part of the year ended 31 March 2005 for 2 VLCC tankers delivered in the year ended March 31, 2005.

Operating profit. As a result of the foregoing, operating profit decreased US$84.02 million, or 83.2%, from US$100.97 million in the year ended 31 March 2005 to US$16.95 million in the year ended 31 March 2006.

Finance income. Finance income increased US$0.19 million, or 350.9%, from US$0.05 million in the year ended 31 March 2005 to US$0.24 million in the year ended 31 March 2006, because of an increase in bank interest received from short-term bank deposits as we generated an increased amount of cash from the sale of multiple vessels in the year ended 31 March 2005.

Finance costs. Finance costs increased US$1.56 million, or 43.9%, from US$3.55 million in the year ended 31 March 2005 to US$5.11 million in the year ended 31 March 2006, due to an increase in interest paid on long-term borrowings relating to vessel acquisitions.

Share of profits of associated companies. Our share of profits of associated companies decreased US$1.46 million, or 84.0%, from US$1.74 million in the year ended 31 March 2005 to US$0.28 million in the year ended 31 March 2006, primarily because of a decrease in profits from Cape Asia Newbuildings Limited. In the year ended 31 March 2005, Cape Asia Newbuildings Limited disposed of a capesize, 'SWSH 1019', at a price of US$45.65 million, of which we recognised US$7.61 million due to our 1/6 ownership interest and thereafter, did not own any vessels or generate any charterhire revenue until it took delivery of 'MINERAL CAPEASIA' in September 2005. Our share of profits of associated companies in the year ended 31 March 2006 represented the profits of Cape Asia Newbuildings Limited from chartering operations for the last six months of the year ended 31 March 2006 after it took delivery of 'MINERAL CAPEASIA'.

Profit for the year. As a result of the foregoing, profit for the year decreased US$86.85 million, or 87.5%, from US$99.21 million in the year ended 31 March 2005 to US$12.36 million in the year ended 31 March 2006. Our net profit margin decreased from 41.3% in the year ended 31 March 2005 to 27.1% in the year ended 31 March 2006. In connection with the privatisation of Wah Kwong Holdings Group in 2000, the value of all of its vessels were written down. As a result, the Group had an accumulated loss of US$11.53 million as at 1 April 2004. The Group earned a profit from both its charterhire income and sale of vessels in the year ended 31 March 2005 and this profit of US$99.21 million eradicated this remaining accumulated loss.

LIQUIDITY AND CAPITAL RESOURCES

Financial Resources

Our principal sources of liquidity and capital resources have been internal funds generated from our operations, bank borrowings and shareholder loans, which is classified in our financial statements as advances from ultimate holding company, amounts due to fellow subsidiaries and advances from fellow subsidiaries. Historically, the capital requirements of all of Wah Kwong Holdings Group's subsidiaries, including the entities that form the Group, were generally sourced from a centralised treasury management company, which was a subsidiary of the Wah Kwong Holdings Group. The capital requirements for the Group sourced from such centralised treasury management company primarily include amounts necessary to finance initial deposits for our purchase of newbuildings and were classified as advances from our fellow subsidiaries or advances from our ultimate holding company, both current liabilities. As the Company had committed to a large number of newbuildings over the Track Record Period, these amounts sourced from the centralised treasury management company was quite large. Bank borrowings consisted primarily of long-term secured loans by our Vessel Companies from banks or financing institutions specialised or experienced in shipping finance to finance the acquisition of the vessels in Our Fleet. Our Directors confirm that we did not experience any liquidity problems during the three years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2007. We expect that our principal sources of liquidity and capital resources following the Listing, apart from the proceeds of the Listing, will be internal funds generated from our operations and bank borrowings.

As at 31 December 2007, we had cash and bank balances of US$25.04 million. The cash and bank balances are required to finance our working capital and part of our expected capital expenditures in light of our continuing growth and expansion plans. Our finance department prepares cash flow projections and reports at the end of each business day, which are reviewed by our senior management. Specific considerations in determining our appropriate cash position include our forecast for working capital and capital expenditure needs, our liquidity ratios and an additional amount of cash to meet any unexpected operating expenses.

As at 31 December 2007, our borrowings principally consisted of long-term secured bank loans, amounting to approximately US$149.05 million. The bank borrowings are all borrowed by our Vessel Companies and in most cases secured individually by the vessels in that Vessel Company or by vessels in other Vessel Companies, the earnings, requisition compensation, insurance relating to that vessel and, in some cases, assignment of the relevant charter party agreement, with a security interest on the bank account designated for all earnings from that vessel, and by a corporate guarantee by Wah Kwong Holdings, and in some cases, together with a corporate guarantee by Bradwell Shipping Limited, a wholly-owned subsidiary of the Company. The bank borrowings by our joint venture Vessel Companies operate in the same manner, but Wah Kwong Holdings only provides guarantees on the loan equal to the percentage ownership we have in the joint venture Vessel Companies. The bank borrowings by the entities in which the Group holds a 16.7% interest are secured by a comfort letter in respect of which Wah Kwong Holdings is jointly and severally liable. Upon completion of the Reorganisation and, in some cases, conditional upon Listing, the Company will replace Wah Kwong Holdings as the guarantor in relation to these banking facilities for each relevant Vessel Company. Our bank loans have been mainly used to finance the purchase of vessels. The Directors intend to repay these loans in accordance with their repayment schedule using cash flow generated from our operations. Each of our Vessel Companies has generated, during the Track Record Period and we believe will generate at least for the next 12 months, from its respective charterhire sufficient income to pay for its own operating expenses and service its debts.

In addition, as mentioned above, we have liabilities owing to the Wah Kwong Holdings Group classified as advances from fellow subsidiaries and ultimate holding company, which are essentially shareholder loans to help finance our capital expenditures to purchase newbuildings. These liabilities amounted to US$98.82 million as of 31 December 2007 and increased by an additional US$26.68 million after 31 December 2007. The Company expects to repay US$6.38 million of these liabilities to Wah Kwong Holdings Group prior to Listing, leaving US$119.12 million advances from fellow subsidiaries and ultimate holding company outstanding as of the Latest Practicable Date. As of 31 December 2007, these amounts were owed to Wah Kwong Newbuildings Limited, Venture Enterprises Corporation and Wah Kwong Holdings. We also have liabilities owing to Wah Kwong Holdings Group classified as amounts due to fellow subsidiaries. These liabilities amount to US$2.38 million as of 31 December 2007, US$0.09 million was trade in nature and US$2.28 million of which was non-trade in nature. The non-trade portion of these amounts due to fellow subsidiaries increased by an additional US$3.65 million after 31 December 2007. The Company confirms that it will repay all of the non-trade portion of the amounts due to fellow subsidiaries to Wah Kwong Holdings Group prior to Listing. As part of the Reorganisation, as more fully described in Appendix VII to this prospectus: (i) the entire outstanding amount of the shareholder loans to some of the Vessel Companies were assigned by certain of the fellow subsidiaries to Wah Kwong Holdings; (ii) the entire outstanding amount of the shareholder loans to other Vessel Companies has been assigned to subsidiaries of the Company, with

the consideration for those assignments remaining outstanding as a loan which has been assigned to Wah Kwong Holdings; (iii) the consideration payable by the Company's subsidiaries for the transfer of the Wah Kwong Holdings Group's interest in the Vessel Companies to the Group remained outstanding as a loan which has been assigned to Wah Kwong Holdings; and (iv) Wah Kwong Holdings has advanced certain amounts on behalf of the Vessel Companies to fund stage payments for vessels. Wah Kwong Holdings has assigned or will assign each of these loans and advances to the Company prior to Listing at par value. The total consideration in respect of the assignment of those loans and advances to the Company of US$140.24 million will be settled as follows: (i) as to US$92.76 million by the allotment, issue and crediting as fully paid 374,999,900 new Shares prior to Listing; and (ii) the remaining US$47.48 million remains outstanding as an advance from Wah Kwong Holdings to the Company and will be repaid out of the proceeds from the Global Offering upon Listing.

As disclosed further in "— Capital Expenditures" and "— Contractual Obligations and Commitments" below, our capital expenditures principally comprise of expenditures on the purchase of vessels. We have committed to 11 newbuildings to be delivered in 2009 and 2011. Capital expenditures for the initial deposits of these newbuildings was funded by shareholder loans from fellow subsidiaries and from amounts advanced by Wah Kwong Holdings prior to the Listing, US$71.63 million of which amounts will be capitalised prior to Listing. We anticipate that capital expenditure for additional initial deposits of these newbuildings after the Global Offering will be funded from the proceeds of the Listing. As of 31 December 2007 we were committed to pay for initial deposits and supervision fee installments of approximately US$107.40 million on our newbuildings through March of 2009. Of this amount, US$66.15 million will be funded by inter company advances from Wah Kwong Holdings Group. We expect that we will pay for our portion of the remaining payments for the purchase price of these newbuildings, contracted to be US$514.8 million in the aggregate, using the proceeds of the Global Offering and financed through long-term bank loans of the relevant Vessel Company and secured individually by each newbuilding.

Each of our Vessel Companies has historically generated sufficient income to cover its operating expenses and service its debts. In addition, except in respect of an amount of US$6.38 million which will be repaid prior to Listing, the advances to our Vessel Companies from fellow subsidiaries and from our ultimate holding company, which are shareholder loans used to finance our prior purchase of newbuildings, have been or will be assigned to the Company prior to Listing (with the consideration for that assignment being partly issuance of Shares to Wah Kwong Holdings prior to Listing and partly outstanding as an amount to be repaid out of the proceeds from the Global Offering upon Listing as described above). With this track record of operating self-sufficiency of our Vessel Companies, the decrease in our liabilities from the assignment of our inter-company debt to the Company immediately prior to Listing and taking into account both the estimated net proceeds available to us from the Global Offering, our operating cash flow, and available facilities from banks, we believe that we have sufficient working capital for the next 12 months. Thereafter, we expect to finance our operations with net cash generated from our operations and additional debt financing on our purchased vessels. There can be no assurance that we will be able to raise additional capital on terms acceptable to us or at all. The sale of additional equity or equity-linked securities may result in dilution to our shareholders. From time to time, we evaluate possible investments, acquisitions, divestments or mergers and may, if a suitable opportunity arises, make an investment, acquisition or divestment or enter into a merger.

Working Capital Sufficiency Declaration

Taking into account the estimated net proceeds available to us from the Global Offering, our operating cash flow, available facilities from banks and advances to the Group from Wah Kwong Holdings Group prior to the date of this prospectus, our Directors are of the opinion that we have sufficient working capital for our present requirements and for the next 12 months from the date of this prospectus.

Cash flow data

The table below sets forth our cash flows from operations, cash flows from investment activities, cash flows from financing activities and net changes in cash and cash equivalents for the periods indicated:

	For the year ended 31 March			For the nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	(US$'000)	*(US$'000)*	*(US$'000)*	*(US$'000)* *(unaudited)*	*(US$'000)*
Net cash generated from operating activities	210,017	46,048	88,271	37,948	42,341
Net cash (used in) investing activities	(125,920)	(50,649)	(51,147)	(25,139)	(93,409)
Net cash (used in)/ generated from financing activities	(85,100)	10,692	(31,922)	(7,300)	62,593
Net (decrease)/increase in cash and cash equivalents	(1,003)	6,091	5,202	5,509	11,525

Cash flows generated from operating activities

Cash generated from operating activities represents operating profit for the year/period adjusted for non-cash items such as depreciation, profit on the sale of vessels, and the effects of changes in working capital, such as increases or decreases in vessels for sale, trade and other receivables, trade and other payables, and movements in balances with fellow subsidiaries, which represent shareholder loans.

Net cash generated from operating activities increased US$4.39 million, or 11.6%, to US$42.34 million in the nine months ended 31 December 2007 from US$37.95 million in the nine months ended 31 December 2006. The increase was primarily due to an increase in operating profit before working capital changes and adjustments for working capital changes for the nine months ended 31 December 2007, including an increase in vessels for sale of US$15.78 million, a decrease in trade and other receivable of US$0.60 million and cash used by a movement in balances with fellow subsidiaries of US$5.16 million, as compared to cash provided by a movement in balances with fellow subsidiaries amounting to US$0.45 million in the nine months ended 31 December 2006. We had an operating

profit before working capital changes of US$44.94 million and US$67.55 million in the nine months ended 31 December 2006 and 2007, respectively. The increase in operating profit before working capital changes was principally due to an increase in proceeds from the sale of vessels. We received proceeds of US$36.00 million from the sale of 'NEW CENTURY H0307324' in the nine months ended 31 December 2007 compared with proceeds of US$19.80 million from the sale of 'YASMINE VENTURE' in the nine months ended 31 December 2006.

Net cash generated from operating activities increased US$42.22 million, or 91.7%, to US$88.27 million in the year ended 31 March 2007 from US$46.05 million in the year ended 31 March 2006. The increase was primarily due to an increase in cash generated from operations. We received proceeds of US$95.25 million from the sales of 'YASMINE VENTURE', 'NEW CENTURY H0307323' and 'HYUNDAI SAMHO S-271' in the year ended 31 March 2007 compared with proceeds of US$18.14 million from the sale of 'SUMITOMO H1317' in the year ended 31 March 2006. The increase was partially offset by a decrease in working capital primarily resulting from the larger increase in vessels for sale of US$31.79 million in the year ended 31 March 2007 as compared to US$0.09 million in the year ended 31 March 2006. In addition, cash of US$6.75 million was provided by a movement in balances with fellow subsidiaries in the year ended 31 March 2006 compared with cash used by a movement in balances with fellow subsidiaries of US$2.64 million in the year ended 31 March 2007.

Net cash generated from operating activities decreased US$163.97 million, or 78.1%, to US$46.05 million in the year ended 31 March 2006 from US$210.02 million in the year ended 31 March 2005, primarily due to a decrease in proceeds from the sale of vessels. We received proceeds of US$205.08 million from the sales of 'FOREST VENTURE', 'HAPPY VENTURE', 'CARINA VENTURE', 'CHRISTINA VENTURE', 'MILLENNIUM VENTURE', 'SABRINA VENTURE', 'OSHIMA H10384', 'OSHIMA H10385' and 'ONOMICHI H506' in the year ended 31 March 2005 compared with proceeds of US$18.14 million from the sale of 'SUMITOMO H1317' in the year ended 31 March 2006. In the year ended 31 March 2005, cash used by a movement in balances with fellow subsidiaries was US$5.82 million compared with cash provided by a movement in balances with fellow subsidiaries of US$6.75 million in the year ended 31 March 2006. Additionally, there was an increase in trade and other receivables of US$6.79 million in the year ended 31 March 2005 compared with a decrease in trade and other receivable of US$2.45 million in the year ended 31 March 2006, which was primarily attributable to the higher amount of our share of profits from the chartering of two of its VLCC tankers, 'ARDENNE VENTURE' and 'STARLIGHT VENTURE' in the year ended 31 March 2005.

Cash flows used in investing activities

During the Track Record Period, the principal item affecting our net cash used in investing activities has been capital expenditures for the purchase of vessels. Net cash used in investing activities for the nine months ended 31 December 2007 was US$93.41 million, which comprised progress payments for our newbuildings, particularly 'PRISCILLA VENTURE', 'GOLDEN VENTURE', 'SHANGHAI VENTURE', 'CHENGXI H-4247', 'CHENGXI H-4248' 'CHENGXI H-4251', 'CHENGXI H-4252', 'CHENGXI H-4253', 'CHENGXI H-4254', 'CHENGXI H-4250' and

'SWS H-1149', as compared to US$25.14 million for the nine months ended 31 December 2006, which primarily comprised progress payments for our newbuildings, particularly 'New Century H0307324' and 'CEMTEX VENTURE' and a net advance to an associated company for the purchase of 'CAPE SHANGHAI'.

Net cash used in investing activities was US$51.15 million in the year ended 31 March 2007, which primarily reflected expenditures for the acquisition of 'YASMINE VENTURE', 'CEMTEX VENTURE', New Century H0307324' and 'CAPE SHANGHAI'.

Net cash used in investing activities was US$50.65 million in the year ended 31 March 2006, which primarily reflected expenditures for the acquisition of 'MOONLIGHT VENTURE', 'CHINA VENTURE', 'SUMITOMO H1317' and 'MINERAL CAPEASIA'.

Net cash used in investing activities was US$125.92 million in the year ended 31 March 2005, which primarily reflected expenditures for the acquisition of 'ARDENNE VENTURE' and 'STARLIGHT VENTURE'.

Cash flows(used in)/generated from financing activities

During the Track Record Period, our financing activities consisted principally of long-term borrowings from banks, repayment of long-term bank borrowings, advances from ultimate holding company, net advances from fellow subsidiaries and payment of dividends.

Net cash generated from financing activities for the nine months ended 31 December 2007 was US$62.59 million, which principally reflected an increase in long-term borrowings to US$60.24 million, the repayment of long-term borrowings of US$27.69 million, the receipt of a net advance of US$51.67 million from fellow subsidiaries, the receipt of US$12.40 million in advances from the ultimate holding company and the payment of a cash dividend of US$34.03 million to shareholders. Comparatively, net cash used in financing activities for the nine months ended 31 December 2006 was US$7.30 million, which principally reflected a decrease in long-term borrowings to US$11.00 million, the repayment of long-term borrowings of US$14.44 million, the receipt of a net advance of US$4.45 million from fellow subsidiaries and the payment of a cash dividend of US$8.30 million to shareholders.

Net cash used in financing activities for the year ended 31 March 2007 was US$31.92 million, which principally reflected net repayment of long-term borrowings of US$22.91 million, and the payment of a cash dividend of US$8.30 million to shareholders.

Net cash generated from financing activities for the year ended 31 March 2006 was US$10.69 million, which principally reflected net long-term borrowings of US$16.37 million, the net repayment of advances of US$3.95 million to fellow subsidiaries and the payment of a cash dividend of US$1.73 million to shareholders.

Net cash used in financing activities for the year ended 31 March 2005 was US$85.10 million, which principally reflected net repayment of long-term borrowings of US$20.10 million, the net repayment of advances of US$46.65 million to fellow subsidiaries and the payment of a cash dividend of US$17.78 million to shareholders.

CAPITAL EXPENDITURES

Our capital expenditures principally comprise of expenditures on the purchase of vessels. For the years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2007, our capital expenditures relating to the purchase of vessels amounted to US$122.87 million, US$54.14 million, US$49.87 million and US$93.41 million, respectively.

Our planned future capital expenditures primarily include the purchase of newbuildings. As at 31 December 2007, we had contracted for ten newbuildings with an estimated total additional capital expenditure of US$342.72 million, which included certain cost escalation due to foreign currency adjustments, after paying US$56.42 million in capital expenditure on these newbuildings during the nine month period. As at 31 December 2007, we had paid for the initial deposit amounts for these ten newbuildings, due prior to 31 December 2007, using loans from fellow subsidiaries, which are to be capitalised immediately prior to Listing, and certain pre-delivery bank loans. Prior to 31 March 2008, there was approximately US$62.30 million initial deposits due for these newbuildings, approximately US$20.30 million of which we paid for using loans from fellow subsidiaries, which are also to be capitalised immediately prior to Listing. We paid for the remainder of these initial deposits via pre-delivery bank loans. After 31 December 2007, one such newbuilding was completed and delivered. In addition, we committed to two other post-panamax bulkcarriers at a purchase price per vessel of US$52.80 million with an exchange rate appreciation clause of up to 10% after 31 December 2007. Both of these vessels will be owned 50% by the Group. For further details on the newbuildings, please see "Factors Affecting Our Results of Operations and Financial Condition — Vessel acquisitions and our ability to acquire ships competitively." Upon Listing, we expect to finance the remaining initial deposit amounts due prior to delivery of these newbuildings using pre-delivery bank borrowings by our Vessel Companies and the net proceeds from the Global Offering. Upon delivery of the newbuildings, we generally finance up to 80% of the purchase price of each newbuildings through long term bank borrowings. For further details of the expected timing of our capital expenditures in relation to our newbuildings, please refer to the paragraph headed "Contractual Obligations and Commitments" in this section of the prospectus. We expect to fund a substantial part of our capital expenditure for the years ending 31 March 2009 and 2010 with bank borrowings by relevant Vessel Companies and the net proceeds from the Global Offering. For further information, please see the section headed "Future Plans and Use of Proceeds" in this prospectus.

Apart from the capital expenditure already committed for the 11 newbuildings currently on order, we may adjust the timing and amounts of its capital expenditures based on various factors, including cash flow from its operations, market conditions generally in its industry and opportunities available for us to purchase vessels. Any additional purchases of newbuildings beyond those listed in this prospectus may require additional debt or equity financing. Our ability to obtain additional funding in the future is subject to a variety of uncertainties including our future results of operations, financial condition and cash flows, economic, political and other conditions in the PRC and elsewhere. See "Risk Factors — Risks associated with debt finance may adversely affect our business, financial position and results of operations."

INDEBTEDNESS

Bank borrowings

The following table sets forth our bank borrowings as at the balance sheet dates indicated.

	As at 31 March			As at 31 December	As at 31 March
	2005	2006	2007	2007	2008
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Non-current bank borrowings					
— Between 1 to 2 years	19,370	21,590	10,125	30,205	15,805
— Between 3 to 5 years	33,390	28,050	30,375	59,328	82,546
— Over 5 years	60,650	66,750	53,638	46,516	56,221
Total non-current bank borrowings	113,410	116,390	94,138	136,049	154,572
Current portion of long-term bank borrowings	9,630	23,020	22,365	13,005	33,005
Total bank borrowings	123,040	139,410	116,503	149,054	187,577

The non-current portion of our long-term bank borrowings amounted to US$113.41 million, US$116.39 million, US$94.14 million, US$136.05 million and US$154.57 million as at 31 March 2005, 2006 and 2007 and as at 31 December 2007 and 31 March 2008, respectively. The current portion of our long-term borrowings amounted to US$9.63 million, US$23.02 million, US$22.37 million, US$13.01 million and US$33.01 million as at 31 March 2005, 2006 and 2007 and as at 31 December 2007 and 31 March 2008, respectively.

As at 31 March 2008, we had unutilised banking facilities of US$69.30 million.

As at 31 March 2008, our total bank borrowings amounted to US$187.58 million.

Advances from ultimate holding company and fellow subsidiaries

Our advances from fellow subsidiaries amounted to US$63.95 million, US$63.23 million, US$71.63 million, US$27.46 million and US$27.46 million as at 31 March 2005, 2006 and 2007 and as at 31 December 2007 and 31 March 2008. Our advances from ultimate holding company amounted to nil, nil, nil, US$71.36 million and US$91.66 million as at 31 March 2005, 2006 and 2007 and as at 31 December 2007 and 31 March 2008.

As described in "Liquidity and Capital Resources — Financial Resources" above, except in respect of US$6.38 million which will be repaid prior to Listing, the ultimate benefit of these loans have been or will be assigned to the Company immediately prior to Listing (with the consideration for

assignment being partly issuance of Shares to Wah Kwong Holdings prior to Listing and partly outstanding as an amount to be repaid out of the proceeds from the Listing as described above). Thereafter, such advances that remain unpaid will be ultimately due to the Company from the Vessel Companies.

Debt Security and Covenants

As at 31 December 2007, our outstanding bank borrowings of approximately US$149.05 million and as at the Latest Practicable Date, of approximately US$187.58 million, were secured by the following:

(i) Mortgage over vessels of the Group with net book value of approximately US$221.15 million as at 31 December 2007 and approximately US$249.70 million as at the Latest Practicable Date;

(ii) Assignments of the earnings, requisition compensation and insurance relating to the vessels;

(iii) In some cases, the assignment of the relevant charter party agreement or the shipbuilding contract;

(iv) Corporate guarantees by Wah Kwong Holdings individually or together with Bradwell Shipping Company or together with the Group's joint venture partners; and

(v) Charges over the shares of certain Vessel Companies.

Our secured bank borrowings render the borrowing Group entity subject to financial and other covenants during the term of the loan, including requiring the borrower and/or guarantor to obtain lender consents prior to making any changes in the borrower's shareholding structure, transferring, selling, leasing, permitting any encumbrance on or otherwise disposing of or ceasing to exercise direct control over, any part of the borrower's assets (including vessels), undertakings, properties, rights or income, selling all, or part of, the borrower's vessel, making any loan or advance to any person other than in the normal course of business or to the borrower's parent, incurring any indebtedness to any associated company which is not subordinated to the applicable loan, creating, incurring, assuming, or becoming liable for any indebtedness incurred in respect of borrowed or raised funds, deterred payments, rental payments, guarantees or certain other forms of debt or contingent liabilities, assuming, guaranteeing, endorsing or contingently agreeing to purchase or provide funds for payment of, or agreeing or maintaining the net worth or working capital or becoming liable for the obligations of another person, incurring any indebtedness that does not rank pari passu or after with the indebtedness under the applicable loan, incurring any obligations except for obligations under security documents relating to the applicable loan or the borrower's shipbuilding agreement, charter agreement and management agreement or contracts entered into in the ordinary course of the business of owning, having interests in, operating and chartering a vessel, issuing debentures, paying any dividend upon borrower's outstanding shares or stock in some cases at all and in other cases unless such dividends are to be paid from the current year's profits and no events of default has occurred, permitting any transfer or change of beneficial ownership of any of the borrower's shares issued as of the date of the

applicable loan agreement, allotting or issuing any new shares, acquiring or chartering any vessel other than the vessel for which the loan has been obtained, carrying on or engaging in or being concerned with any business or activities except those of owner and operator of an ocean-going vessel and incidental activities, changing the borrower's accounting periods or its auditors, factoring, selling, assigning, discounting or otherwise disposing of any of the borrower's present or future book or other debts, claims or securities for money, forming or co-operating in the formation of, or purchasing or acquiring any subsidiary, providing guarantees for others' debts, permitting a change to be made to a majority of the borrower's directors, or its overall control or management, purchasing or otherwise acquiring the shares, capital stock, assets or obligations of any person or other organisation, redeeming, repaying, purchasing, cancelling or otherwise acquiring or reducing all or any class or part of its issued share capital, changing the country of registration or flag of the borrower's vessel, amending the borrower's charter documents, changing the borrower's scope of business and reducing the registered share capital, repaying shareholder loans, allowing the Company to delist from the Hong Kong Stock Exchange and merging, amalgamating or consolidating with any company or person, undertaking, undergoing or entering into or becoming subject to any kind of reconstruction or reorganisation or any scheme or arrangement in connection with a merger, amalgamation or consolidation or permitting any other corporation to merge into it, or acquire all or substantially all of a part of the assets or capital stock of another person if such acquisition would have the same effect as a consolidation or merger. In addition, the borrowing Group entity may be required to provide notice to its lenders prior to any borrowings from other lenders and distribution of dividends. During the Track Record Period, we have not breached any of our loan covenants.

Additionally, under several of our secured bank borrowing facilities, the borrowing Group entity is obligated to ensure that its vessel is (i) in compliance with the ISM Code, (ii) in possession of a valid Safety Management Certificate and (iii) operated by a manager in possession of a valid and appropriate Document of Compliance. In some instances, the vessel is also required to be in possession of an International Ship Security (ISS) Certificate pursuant to the ISPS Code and an International Air Pollution Prevention Certificate pursuant to Annex VI (Regulations for the Prevention of Air Pollution from Ships) to MARPOL. Moreover, under 13 of our secured bank borrowing facilities, in the event that the market value of the vessel or the market value of the vessel and any additional security provided to the lender falls below a certain percentage (100% - 125%) of the loan then outstanding, the borrowing Group entity will be required to either prepay part of the outstanding loan amount or provide to the lender additional security and/or, in certain instances, cash collateral to the lender to ensure that the value of the vessel or the value of the vessel and any additional security will always be at least equal to the relevant percentage of the loan outstanding.

Contingent liabilities

As at 31 March 2008, we did not have any material contingent liabilities.

Our Directors have confirmed that there has not been any material change in our indebtedness or contingent liabilities since 31 March 2008.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Our contractual obligations and capital commitments consist of long-term debt obligations relating to our existing vessels and capital commitments, which represent outstanding payments for our newbuildings. As at 31 December 2007, our capital commitments from newbuildings were US$342.72 million, which included certain cost escalation due to foreign currency adjustments. In addition, after 31 December 2007 we committed to purchase two other post-panamax bulkcarriers at a purchase price per vessel of US$52.80 million with an exchange rate appreciation clause of up to 10% of the original purchase price. Both of these vessels will be owned 50% by the Group. Upon Listing, the Group expects to fund its capital commitment obligations using net proceeds received by the Company from the Global Offering and bank facilities (upon delivery of the newbuildings).

The following table sets forth the scheduled maturities of our future contractual cash obligations and capital commitments as at 31 December 2007.

Payment by period	**Within one year** *(US$'000)*	**Within one to two years** *(US$'000)*	**Within three to five years** *(US$'000)*	**After five years** *(US$'000)*	**Total** *(US$'000)*
Long-term debt obligations	13,005	30,205	59,328	46,516	149,054
Newbuilding contracts[(1)]	85,900	104,288	147,862	—	338,050
Total contractual cash obligations	98,905	134,493	207,190	46,516	487,104

(1) These amounts do not include potential cost escalation due to foreign currency adjustments.

Disclaimers

Save as aforesaid or as otherwise disclosed herein and apart from normal trade payables, the Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, pledges, charges, debentures, mortgages, loans, debt securities or other similar indebtedness or any finance lease commitments, hire purchase commitments, liabilities or acceptances (other than normal trade bills) or acceptance creditors or any guarantees or other material contingent liabilities outstanding as at the close of business on the Latest Practicable Date.

SELECTED BALANCE SHEET ITEMS

Set forth below is a table of selected balance sheet data of the Group as of 31 March 2005, 2006 and 2007 and 31 December 2007.

	As of 31 March			As of 31 December
	2005	2006	2007	2007
	(in US$'000)			
Non-current assets	170,429	195,626	192,652	279,353
of which, Motor vessels	168,691	195,339	191,845	277,566
Current assets	69,361	69,958	73,584	33,669
Vessels for sale	15,366	18,979	15,521	—
Trade and other receivables	8,169	5,724	3,783	3,178
Cash and bank balances	2,224	8,315	13,517	25,042
Amounts due from fellow subsidiaries	38,717	33,815	36,358	1,044
Amounts due from associated companies	4,885	3,125	4,405	4,405
Current liabilities	88,661	100,850	103,939	118,870
of which, Trade and other payables	3,038	3,938	3,977	4,671
of which, Advances from ultimate holding company	—	—	—	71,357
of which, Advances from fellow subsidiaries	63,951	63,234	71,634	27,460
of which, Amounts due to subsidiaries	12,042	10,658	5,963	2,377
Net current (liabilities)	(19,300)	(30,892)	(30,355)	(85,201)
Non-current liabilities	113,410	116,390	94,138	136,049
Long-term borrowings	113,410	116,390	94,138	136,049
Sub-total				
Total assets less current liabilities	151,129	164,734	162,297	194,152

The following table sets forth certain financial ratios for the periods indicated:

	For the year ended 31 March			For the nine months ended 31 December
	2005	2006	2007	2007
Profitability ratios				
Gross profit margin[(1)] (%)	42.5%	38.0%	29.2%	39.0%
Gross profit margin (charterhire income)[(2)] (%)	56.3%	53.6%	64.3%	63.3%
Gross profit margin (sales of vessels)[(3)] (%)	40.1%	14.4%	15.1%	13.0%
Operating profit margin[(4)] (%)	42.0%	37.2%	28.9%	38.4%
Net profit margin[(5)] (%)	41.3%	27.1%	24.4%	32.2%
Return on equity[(6)] (%)	263.0%	25.6%	47.8%	55.0%
Adjusted return on equity[(7)] (%)	90.7%	10.3%	23.3%	24.6%
Return on capital employed[(8)] (%)	62.8%	9.0%	20.9%	18.4%
Adjusted return on capital employed[(9)] (%)	43.4%	6.5%	15.1%	13.7%
Return on assets[(10)] (%)	41.4%	4.7%	12.2%	10.2%
Liquidity and capital adequacy ratios				
Current ratio[(11)] (x)	0.78x	0.69x	0.71x	0.28x
Adjusted current ratio[(12)] (x)	3.79x	2.29x	2.14x	0.62x
Gearing ratio[(13)] (%)	76.2%	73.1%	60.2%	68.1%
Debt to equity ratio[(14)]	3.26x	2.88x	1.71x	2.57x
Adjusted debt to equity ratio[(15)] (x)	1.13x	1.16x	0.83x	1.15x
Interest coverage ratio[(16)] (%)	28.42x	3.32x	5.26x	4.61x

Notes:

(1) Gross profit margin is gross profit divided by revenue and multiplied by 100%.

(2) Gross profit margin (charterhire income) is gross profit (charterhire income), which does not take into account ship management fees of US$0.59 million, US$0.28 million, US$0.40 million and US$0.42 million for the years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2007, respectively, divided by charterhire revenue and multiplied by 100%.

(3) Gross profit margin (sales of vessels) is gross profit (sales of vessels) divided by proceeds from sale of vessels and multiplied by 100%.

(4) Operating profit margin is operating profit divided by revenue and multiplied by 100%.

(5) Net profit margin is profit for the year/period divided by revenue and multiplied by 100%.

(6) Return on equity is profit for the year divided by total equity and multiplied by 100%. For purposes of the calculation of return on equity for the nine months ended 31 December 2007, net profit for the nine months ended 31 December 2007 has been annualised.

(7) Adjusted return on equity is profit for the year divided by the sum of total equity and US$71.63 million, which represents the portion of the shareholder loans characterised as "advances from ultimate holding company and fellow subsidiaries" in our financial information that will be capitalised immediately prior to Listing, and multiplied by 100%. Please see note below. For purposes of the calculation of adjusted return on equity for the nine months ended 31 December 2007, net profit for the nine months ended 31 December 2007 has been annualised.

(8) Return on capital employed is operating profit for the year, divided by sum of total bank borrowings and total equity and multiplied by 100%. For purposes of the calculation of return on capital employed for the nine months ended 31 December 2007, operating profit for the nine months has been annualised.

(9) Adjusted return on capital employed is operating profit for the year, divided by the sum of total bank borrowings, total equity and US$71.63 million, which represents the portion of the shareholder loan characterised as "advances from ultimate holding company and fellow subsidiaries" in our financial information that will be capitalised immediately prior to Listing, and multiplied by 100%. Please see note below. For purposes of the calculation of adjusted return on capital employed for the period ended 31 December 2007, operating profit for the nine months has been annualised.

(10) Return on assets is profit for the year divided by total assets and multiplied by 100%. For purposes of the calculation of return on assets for the nine months ended 31 December 2007, net profit for the nine months ended 31 December 2007 has been annualised.

(11) Current ratio is current assets divided by current liabilities.

(12) Adjusted current ratio is current assets less amounts due from associated companies, which primarily represent inter-company loans from us, divided by current liabilities less US$71.63 million, which represents the portion of the shareholder loan characterised as "advances from ultimate holding company and fellow subsidiaries" in our financial information that will be capitalised immediately prior to Listing. Please see note below.

(13) Gearing ratio is net debt divided by capital employed. Net debt is calculated as bank borrowings less cash and bank balances. Capital employed represents the aggregate of equity and net debt. See note 3(b) to our financial information in Appendix I for further details.

(14) Debt to equity ratio is total bank borrowings divided by total equity.

(15) Adjusted debt to equity ratio is total bank borrowings, divided by the sum of total equity and US$71.63 million, which represents the portion of the shareholder loan characterised as "advances from ultimate holding company and fellow subsidiaries" in our financial information that will be capitalised immediately prior to Listing. Please see note below.

(16) Interest coverage ratio is operating profit divided by finance costs.

Note: As stated in section headed "Further information about the Company" in Appendix VII to this prospectus, part of the shareholder loans characterised as "advances from ultimate holding company and fellow subsidiaries" in our financial information of US$71.63 million, and the consideration of US$21.13 million for the transfer of the Vessel Companies from Wah Kwong Holdings Group to the Group pursuant to the Reorganisation will be capitalised

immediately prior to Listing and settled by allotting, issuing and crediting as fully paid 374,999,900 new shares of HK$0.10 each by the Company to Wah Kwong Holdings. Since the consideration for the transfer of the Vessel Companies from Wah Kwong Holdings will be capitalised as fully paid new shares upon Listing, it shall have no net effect on the total equity of the Group given that the combined financial information has been prepared as if the current group structure had been in existence through the Relevant Periods, or since their respective dates of incorporation, whichever is a shorter period. As a result, this capitalisation will only result in an increase of US$71.63 million to the total equity of the Group and hence our adjustments to the above ratios only take into account this US$71.63 million amount.

Gross profit margin and operating profit margin

During the Track Record Period, the fluctuations in our gross and operating profit margins on a year-to-year basis have been substantially influenced by the fluctuations in the gross profits obtained from the sale of vessels. For the three years ended 31 March 2007 and the nine months ended 31 December 2007, our gross profit margin from the sale of vessels was approximately 40.1%, 14.4%, 15.1% and 13.0%, respectively. Our overall gross and operating profit margins in the year ended 31 March 2005 were higher relative to those achieved in the later years and periods of the Track Record Period principally because of the decrease in gross margins from the sale of vessels. In the year ended 31 March 2005, our sales of vessels represented the sale of older vessels, the net book value of which included the accumulated depreciation of such vessels during the period of their use. During the years ended 31 March 2006 and 2007, a higher proportion of our sales of vessels represented newer vessels with little or no depreciation. The newbuildings were purchased at higher prices, which compressed our gross margins and operating margins for sales of vessels. On the other hand, our gross profit margins for charterhire income increased during the Track Record Period from 56.3% in 2005 to 64.3% in 2007 and to 63.3% for the nine months ended 31 December 2007 due to the improving market conditions for vessel chartering.

Net profit margin

Similar to the reasons discussed above for the decrease in our overall gross and operating profit margins, our net profit margin decreased and then later increased during the Track Record Period. The decrease in our net profit margins also reflects the increased interest expense from the additional secure loans raised to finance our acquisitions of newbuildings.

Return on Equity and Adjusted Return on Equity

The decrease in return on equity and adjusted return on equity from the year ended 31 March 2005 to the year ended 31 March 2006 was due to the combined effect of the relatively large amount of profit from the disposal of vessels of approximately US$82.24 million and a reduction in shareholder equity following dividend distributions of approximately US$17.78 million and a deemed distribution of approximately US$32.21 million to shareholders in the year ended 31 March 2005. As our profits have increased from the year ended 31 March 2006 to the year ended 31 March 2007 and the nine months ended 31 December 2007, our return on equity has increased from 25.6% for the year ended 31 March 2006 to 47.8% for the year ended 31 March 2007 and to 55.0% for the nine months ended 31 December 2007. For the same reasons, our adjusted return on equity increased from 10.3% for the year ended 31 March 2006 to 23.3% for the year ended 31 March 2007 and to 24.6% for the nine months ended 31 December 2007. The increase in return on equity and adjusted return on equity

for the nine months ended 31 December 2007 also reflects distributions made to shareholders of approximately US$34.03 million in such period. An increase in advances from ultimate holding company in the nine months ended 31 December 2007, which were used to finance our purchase of newbuildings, partially offset the effect of the distributions made to shareholders in the period.

Return on Capital Employed and Adjusted Return on Capital Employed

Our return on capital employed and adjusted return on capital employed followed a similar trend to our return on equity and adjusted return on equity, respectively, during the Track Record Period, except that there was a slight decrease in both ratios for the nine months ended 31 December 2007, as compared to the prior period, which reflects additional secured bank loans for acquiring newbuildings raised by us during such time and the distribution made to shareholders of approximately US$34.03 million in such nine month period.

Return on Assets

The changes in our return on assets during the Track Record Period reflected the changes in our profit for the year, as our total assets remained relatively constant throughout the periods except that our profits for the year and our total assets both increased for the nine months ended 31 December 2007 and as at that date.

Current Ratio and Adjusted Current Ratio

The Group's current ratio and adjusted current ratio remained relatively stable except for such ratios at 31 December 2007. The drop reflects the fact that, as of 31 December 2007, there was no vessel being held for sale and our cash and bank balances had increased significantly whereas the current portion of long-term borrowings had decreased and our advances from ultimate holding company and fellow subsidiaries, which are current liabilities, had increased.

Interest Coverage Ratio

The Group had very high interest coverage in the year ended 31 March 2005 due to the relatively high profits on the sale of older vessels in conjunction with relatively low finance costs for these vessels while they were in operation. This is also reflected in the gross margin and the operating profit margin calculations.

Gearing ratio

The Group's gearing ratio remained relatively stable at 76.2%, 73.1%, 60.2% and 68.1% as at 31 March 2005, 2006 and 2007 and as at 31 December 2007, respectively. We have sought long-term bank borrowings only for the purpose of purchasing newbuildings. Therefore, any increases in our level of borrowings have been accompanied by a corresponding increase in our assets.

Debt to equity ratio and adjusted debt to equity ratio

Our debt to equity ratio decreased from 3.26x for the year ended 31 March 2005 to 2.88x for the year ended 31 March 2006, which was a result of our retaining a substantial proportion of our profits during the period for reinvestment in our business. However, our adjusted debt to equity ratio over the same period increased from 1.13x to 1.16x, which was due to the relatively smaller effect that our retention of profits in the year ended 31 March 2006 had on increasing our total adjusted equity, which includes total equity and certain amounts of advances from fellow subsidiaries, as compared to the increase in total borrowings for the period. For the year ended 31 March 2007, our debt to equity ratio further decreased to 1.71x as we paid down our borrowings and continued to retain a majority of our profits during the period. For similar reasons, our adjusted debt to equity ratio over the same period decreased from 1.16x to 0.83x. Our debt to equity ratio and adjusted debt to equity ratio increased to 2.57x and 1.15x respectively, for the nine months ended 31 December 2007 due to the combined effect of an increase in our long-term borrowings for the purchase of newbuildings and an increase in distributions made to shareholders during the period.

Cash and bank balances

As at 31 December 2007, our cash and bank balances totaled US$25.04 million, mainly denominated in US dollars, representing an increase of US$11.53 million, or 85.3%, from US$13.52 million as at 31 March 2007. Our cash and bank balances have increased in each year during the Track Record Period. Cash generated from operating activities, when not needed for working capital requirements, has been and is expected to continue to be held principally in the form of short-term deposits with banks.

Net current liabilities

We had net current liabilities of US$19.30 million, US$30.89 million, US$30.36 million and US$85.20 million as at 31 March 2005, 2006 and 2007 and as at 31 December 2007, respectively. Our net current liabilities position as at 31 March 2005, 2006 and 2007 and as at 31 December 2007 was primarily due to advances from fellow subsidiaries and advances from ultimate holding company of US$63.95 million, US$63.23 million, US$71.63 million and US$98.82 million, respectively and amounts due to fellow subsidiaries of US$12.04 million, US$10.66 million, US$5.96 million and US$2.38 million, respectively.

Historically, the capital requirements of all of Wah Kwong Holdings Group's subsidiaries, including the entities that form the Group, were generally sourced from a centralised treasury management company, which was a subsidiary of the Wah Kwong Holdings Group. The capital requirements for the Group sourced from such centralised treasury management company primarily include amounts necessary to finance initial deposits for our purchase of newbuildings and were classified as advances from ultimate holding company and advances from fellow subsidiaries, a current liability. As the Company had committed to a large number of newbuildings over the Track Record Period, these amounts sourced from the centralised treasury management company was quite large. Currently we have committed to 11 newbuildings to be delivered in 2009 and 2011.

We had net current liabilities of US$116.54 million as of 31 March 2008 primarily due to advances from ultimate holding company and advances from fellow subsidiaries. As of 31 March 2008, the current assets and the current liabilities of the Group are as follows:

	31 March 2008 *US$'000 (unaudited)*
Current assets:	
Trade and other receivable	8,811
Amounts due from fellow subsidiaries	757
Amounts due from associated companies	4,405
Cash and bank balances	32,148
	46,121
Current liabilities:	
Trade and other payable	6,461
Advances from ultimate holding company	91,657
Advances from fellow subsidiaries	27,460
Amounts due to fellow subsidiaries	4,074
Current portion of long-term borrowings	33,005
	162,657
Net current liabilities	(116,536)

As described in the section titled "— Advances from and amounts due to ultimate holding company and fellow subsidiaries" below, except in respect of US$6.38 million which will be repaid prior to Listing, the benefits of these advances from ultimate holding company and fellow subsidiaries outstanding as of 31 March 2008 have been or will be assigned to the Company prior to the Listing (with the consideration for assignment being partly issuance of Shares to Wah Kwong Holdings prior to Listing and partly outstanding as an amount to be repaid out of the proceeds from the Listing as described above) and there will be no cash impact on the Group for these amounts after Listing. In addition, subsequent to 31 March 2008, Wah Kwong Holdings has advanced US$6.38 million to the Group and we confirm that this amount will be repaid by the Group to Wah Kwong Holdings Group prior to Listing. As for the amounts due to fellow subsidiaries, a large proportion of these amounts were non-trade in nature and we confirm that the non-trade portion of these amounts due to fellow subsidiaries outstanding as of the Latest Practicable Date will be repaid by the Group to Wah Kwong Holdings Group prior to the Listing and we do not anticipate that such non-trade advances shall be extended to the Group after Listing. With this decrease in our current liabilities and the net proceeds available to us from the Global Offering, the Directors believe that the position of net current liabilities is not expected to continue after the Listing.

Advances from and amounts due to ultimate holding company and fellow subsidiaries

As at 31 March 2005, 2006 and 2007 and as at 31 December 2007, advances from fellow subsidiaries and advances from ultimate holding company of the Group amounted to US$63.95 million, US$63.23 million, US$71.63 million and US$98.82 million, respectively. Such amounts are principally advances from Heathview Investments Limited, Wah Kwong Newbuildings Limited and Venture Enterprises Corporation, wholly-owned subsidiaries of Wah Kwong Holdings and fellow subsidiaries of the Wah Kwong Maritime Group and from Wah Kwong Holdings itself, used to finance our purchase of newbuildings and are unsecured, interest free and have no fixed terms of repayment. As described in "Liquidity and Capital Resources — Financial Resources" above, except with respect to US$6.38 million which will be repaid prior to Listing, the ultimate benefit of these loans and certain similar loans granted after 31 December 2007 have been or will be assigned to the Company prior to Listing (with the consideration for that assignment being partly issuance of Shares to Wah Kwong Holdings prior to Listing and partly outstanding as an amount to be repaid out of the proceeds from the Global Offering upon Listing as described above). Thereafter, all such advances which remain unpaid are due ultimately to the Company from the Vessel Companies.

As at 31 March 2005, 2006 and 2007 and 31 December 2007, amounts due to fellow subsidiaries of the Wah Kwong Maritime Group amounted to US$12.04 million, US$10.66 million, US$5.96 million and US$2.38 million, respectively. As at the Latest Practicable Date, the non-trade portion of the amounts due to fellow subsidiaries was US$5.94 million. Amounts due to fellow subsidiaries principally represent unsecured interest free operating funds temporarily advanced by Venture Shipping (Managers) Limited, the company with which we contract for ship management services and Heathview Investments Limited, both fellow subsidiaries of the Wah Kwong Maritime Group, for the operation of the Company. We confirm that all of the outstanding balance of the non-trade portion of this amounts due to fellow subsidiaries as of the Latest Practicable Date will be repaid before the Listing of the Company. The remaining amounts due to Venture Shipping (Managers) Limited are trade in nature and such type of trade amounts will remain outstanding liabilities of the Group.

Amounts due from fellow subsidiaries and associated companies

As at 31 March 2005, 2006 and 2007 and as at 31 December 2007, amounts due from fellow subsidiaries of the Group amounted to US$38.72 million, US$33.82 million, US$36.36 million and US$1.04 million, respectively. Such amounts principally includes (i) proceeds from sale of vessels temporarily held by Wah Kwong Newbuildings Limited and Heathview Investments Limited, wholly-owned subsidiaries of Wah Kwong Holdings and connected persons of the Group, which proceeds have all been reimbursed; and (ii) operating funds advanced to Venture Shipping (Managers) Limited, the company with which we contract for ship management services and a wholly-owned subsidiary of Wah Kwong Holdings and a connected person of the Group, for operational purposes, which are due to us until such funds are actually used in ship management. The decrease in the amounts due from fellow subsidiaries from 31 March 2007 to 31 December 2007 primarily reflects the repayment of US$35.42 million from Wah Kwong Newbuildings Limited and Heathview Investments Limited to reimburse the proceeds from sale of vessels that were temporarily held by them.

As at 31 March 2005, 2006 and 2007 and as at 31 December 2007, amounts due from associated companies of the Group amounted to US$4.89 million, US$3.13 million, US$4.41 million and

US$4.41 million, respectively. Such amounts relate to advances to our associated companies so that they can finance, in conjunction with bank borrowings, the purchase of newbuildings and are unsecured, interest free and have no fixed terms of repayment. Since these advances are made for the purpose of purchasing newbuildings, repayment will only be made when the associated companies are in the position to recuperate the capital investment. These loans will likely be repaid after any bank borrowing used to finance the purchase of the relevant newbuildings have been repaid in full.

Trade and other receivables

Our trade and other receivables consist of trade receivables, prepayments and deposits and other receivables. As at 31 March 2005, 2006 and 2007 and as at 31 December 2007, our trade and other receivables amounted to US$8.17 million, US$5.72 million, US$3.78 million and US$3.18 million, respectively. Trade receivables are outstanding receivables owed by our charterer customers and are mainly our share of profits from the chartering of two of its VLCC tankers. Our trade receivables have decreased from US$6.50 million as at 31 March 2005 to US$0.82 million as at 31 December 2007, principally due to market fluctuations and changes in settlement frequency of the accounts owed from the charterers of our VLCC tankers for the excess charterhire rate over the base charterhire rate. We do not grant credit terms to our charterer customers, as charterhire fees are generally received in advance. Prepayments and deposits consist principally of prepayments by us of operating costs paid in advance. Other receivables consist principally of interest receivable from one of our shipbuilders, which agreed to reimburse the interest on bank borrowings by us relating to the pre-delivery finance of a certain newbuildings. Our prepayments and deposits increased from US$0.68 million as at 31 March 2007 to US$1.55 million as at 31 December 2007, which was principally due to prepayments made by us for other professional services. Over the same period, other receivables decreased from US$2.23 million to US$0.82 million due to the reimbursement of interest paid on certain Group borrowings by one of our shipbuilders.

Trade and other payables

Our trade and other payables consist of trade payables, other payables and charterhire fees received in advance. As at 31 March 2005, 2006 and 2007 and as at 31 December 2007, our trade and other payables amounted to US$3.04 million, US$3.94 million, US$3.98 million and US$4.67 million, respectively. Trade payables consist principally of outstanding payables owed by us to our suppliers of goods, such as lubricant, spare parts and other ship supplies. Other payables consist principally of accrued interest on borrowings. Our other payables increased from US$1.74 million as at 31 March 2007 to US$2.41 million as at 31 December 2007, which was principally due to change in the period of accrual of interest expense in relation to change in period end date and the delivery of two vessels, 'SHANGHAI VENTURE' and 'GOLDEN VENTURE' which increased our interest accrual and operating expenses. Over the same period, charterhire fees received in advance decreased from US$1.41 million to US$1.13 million.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into various transactions with our related parties. Details of these transactions are set out in note 27 to the Accountants' Report in Appendix I to this prospectus.

MARKET RISKS

We are exposed to various types of market risks, including changes in interest rate risks and inflation risks in the normal course of business. For more information, please see the section titled "Risk Factors" in this prospectus.

Interest rate risk

We are exposed to substantial interest rate risk on its existing floating-rate debt. As at 31 December 2007, we have total borrowings of US$149.05 million, all of which are subject to floating interest rates. Upward fluctuations in interest rates increase our interest expense with respect to existing floating-rate debt and the cost of new borrowings. The interest rates and terms of repayment of our borrowings are disclosed in Note 22 to the Accountants' Report in Appendix I to this prospectus. A change of 100 basis-points on our effective interest rate would increase or decrease profits by US$0.78 million for the nine months ended 31 December 2007. At present, we do not consider the interest rate risk to be significant and, therefore, do not undertake any hedging for such risk. We may do so in the future if it becomes appropriate in the opinion of our management.

Foreign exchange risk

Our functional currency is the US dollar and virtually all of our revenues, most of our operating expenses and all of our bank borrowings have been and are expected to continue to be denominated in US dollars, though a small portion of our total expenditures are denominated in other currencies. To manage the foreign exchange risk arising from future commercial transaction, recognised assets and liabilities, we occasionally use forward contracts to hedge against certain currency exposures.

The US dollar is the functional currency for the bulkcarrier and tanker industry. Any appreciation in the value of the US dollar against other major currencies may affect international trade and, correspondingly, the demand for bulkcarriers and tankers by charterers and shippers of dry bulk cargo and oil. In addition, all but one of our current contracts for newbuildings, which are denominated in US dollar, contain a clause for currency exchange rate indemnification whereby we are required to pay an additional, but limited, amount should the Renminbi strengthen beyond a certain limit. Accordingly, movements in currency exchange rates may adversely affect our operating results. As at 31 December 2007, if the US dollar had strengthened or weakened by 1% against all other currencies, including the Renminbi and excluding the HK dollar, capital commitments for shipbuilding contracts would be US$1.30 million lower or US$1.33 million higher than the original amounts stated in these contracts, whereas the effect on our operating costs would not be significant.

Inflation

In recent years, the PRC has not experienced significant inflation, and thus inflation has not had a significant effect on our business during the Track Record Period. According to the National Bureau of Statistics of China, China's overall national inflation rate, as represented by the general consumer

price index, was approximately 3.9%, 1.8% and 1.5% in 2004, 2005 and 2006, respectively. However, the inflation rate, as represented by the general consumer price index, has risen in China to 8.3% for March 2008, according to the National Bureau of Statistics of China, and we cannot make any assurance that we will not be adversely affected by inflation or deflation in China in the future.

DISCLOSURE REQUIRED UNDER THE HONG KONG LISTING RULES

Our Directors have confirmed that as at the Latest Practicable Date, there were no circumstances which, had they been required to comply with Rules 13.13 to 13.19 of the Hong Kong Listing Rules, would have given rise to a disclosure requirement under those Hong Kong Listing Rules.

PROFIT ESTIMATE FOR THE YEAR ENDED 31 MARCH 2008

We estimate that, on the bases set out in Appendix III to this prospectus and in the absence of unforeseen circumstances, our consolidated profit attributable to shareholders for the year ended 31 March 2008 will not be less than US$34.70 million. We have prepared our profit estimate based on our audited combined accounts for the nine months ended 31 December 2007 and our unaudited management accounts for the three months ended 31 March 2008.

On the basis of the above profit estimate, our unaudited pro forma basic estimated earnings per Share for the year ended 31 March 2008 is not less than US$0.0694, assuming that the Global Offering was completed on 1 April 2007 and a total of 500,000,000 Shares were in issue during the entire year. This calculation assumes that the Over-allotment Option will not be exercised and no account has been taken of any Shares which may be issued upon exercise of the options which have been or may be granted under the Pre-IPO Scheme or the Share Option Scheme or any Shares which may be allotted, issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in the paragraph headed "Resolutions of the sole Shareholder" in the section headed "Further information about the Company" in Appendix VII to this prospectus.

The text of the letters from the Reporting Accountant and from the Sponsors in respect of the profit estimate are set out in Appendix III to this prospectus.

DIVIDEND POLICY

After completion of the Global Offering, we may issue dividends to our Shareholders. We are not required to pay dividends, and our Shareholders will not be guaranteed, or have contractual or other rights, to receive dividends. A decision to declare or to pay any dividends in the future, and the amount of any dividends, if declared and paid, will be based on the recommendation of our Board of Directors in accordance with our Articles of Association, and will be subject to and depend upon our results of operations, cash requirements and availability, future prospects, contractual restrictions, statutory or regulatory restrictions and other factors which our Directors may deem relevant. The payment and amount of any dividends will be at the discretion of our Directors, and in the case of final dividends, subject to obtaining Shareholders' approval. There are a number of factors that can affect our ability to pay dividends and there is no guarantee that we will pay dividends in any given year. See "Risk Factors" for a discussion of these factors and the cautionary notice regarding forward-looking statements contained in the section headed "Forward-looking Statements" in this prospectus.

In addition, we will not pay dividends in the event we are not allowed to do so under Cayman Islands law, are in default under (or such payment would cause a default under) our debt facilities, or if such payment would cause us to breach any of our covenants. Please see "— Indebtedness" for a description of these covenants and Appendix VI to this prospectus for the limitation under Cayman Islands law. Furthermore, since we are a holding company, substantially all of the assets shown on our consolidated balance sheet are held by our subsidiaries. Accordingly, our ability to pay cash dividends will also depend upon the earnings and cash flows of our subsidiaries and the distribution or other payment of such earnings, if any, to us in the form of dividends. Moreover, the ability of any subsidiary to declare and pay dividends to us at any given time may be restricted by covenants contained in the debt facility under which it has borrowed funds.

Subject to the above factors, we intend to declare and recommend dividends of not less than 70% of our consolidated profit after tax for the year ending 31 March 2009, excluding gains from sales of vessels being the total proceeds from sales of vessels less the cost of vessels sold, if any. It is proposed that shareholders will be given the facility to elect for shares issued on the basis of the then prevailing market price. In respect of future years the current intention is to maintain the total amount paid out by way of dividend at the level of at least the amount paid out in respect of the year ending 31 March 2009. We intend to declare or recommend dividends with the announcement of the interim and final year results commencing with the current financial year. Cash dividends on our Shares, if any, will be paid in HK dollars. After the completion of the Global Offering, our Board of Directors expect to utilise our retained earnings to facilitate the capital growth and expansion of our Company. Our Board of Directors may decide, in its discretion, at any time, to decrease the amount of dividends, otherwise modify or repeal the current expectation on dividend or discontinue entirely the payment of dividends. In addition, Wah Kwong Holdings Group, being the Controlling Shareholder, may influence our dividend policy, subject to our Articles of Association.

DIVIDENDS PAID AND DECLARED

For each of the three years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2007, the Group declared and paid dividends of US$17.78 million, US$1.73 million, US$8.30 million and US$34.03 million, respectively, to their then respective shareholders. In addition, the Group had deemed distributions of US$32.21 million, nil, US$4.50 million and nil for the years ended 31 March 2005, 2006 and 2007 and for the nine months ended 31 December 2007, respectively. Our deemed distributions represent the deemed distribution of the net assets of certain subsidiaries and jointly-controlled entities of the Wah Kwong Holdings Group that were involved in our business, but had disposed of their related vessels during the Track Record Period and are not included in the Group after the Reorganisation, to their respective equity holders at the time. You should note that historical dividend distributions are not indicative of our future dividend distribution policy.

DISTRIBUTABLE RESERVES

As at 31 December 2007, prior to the completion of the Reorganisation, the Company did not have any reserves available for distribution to the Shareholders.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

For illustrative purposes only, the following statement of unaudited pro forma adjusted net tangible assets of the Group is set out here to illustrate the effect of the Reorganisation and the Global Offering on the combined net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2007 as if it had taken place on 31 December 2007 and based on the audited combined net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2007 as shown in the Accountants' Report in Appendix I to this prospectus.

	Audited combined net tangible assets of the Group as at 31 December 2007[(1)] *(US$'000)*	**Issue of shares to Wah Kwong Holdings[(2)]** *(US$'000)*	**Estimated net proceeds from the Global Offering[(3)]** *(US$'000)*	**Unaudited pro forma adjusted net tangible assets** *(US$'000)*	**Unaudited pro forma adjusted net tangible assets per Share[(4)]** *(US$)*	**Unaudited pro forma adjusted net tangible assets per Share[(4)]** *(HK$)*
Based on an Offer Price of HK$7.78 per Share	58,103	71,634	115,069	244,806	0.49	3.82
Based on an Offer Price of HK$10.20 per Share	58,103	71,634	152,532	282,269	0.56	4.40

Notes:

(1) The audited combined net tangible assets of the Group as at 31 December 2007 is extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) In connection with the Reorganisation and as consideration for the formation of the Group, 374,999,900 new Shares will be issued by the Company to Wah Kwong Holdings immediately prior to the Listing Date for the partial settlement of advances from the Wah Kwong Holdings Group amounting to US$71,634,000 and the consideration payable to Wah Kwong Holdings for the transfer of shares of the Vessel Companies to the Group amounting to US$21,126,000 as set out in the section headed "Further Information about the Company — Issue of Shares in the Company to Wah Kwong Holdings" in Appendix VII to this prospectus. Since the capitalisation of consideration payable to Wah Kwong Holdings for the transfer of shares of the Vessel Companies to the Group of US$21,126,000 shall have no effect on the equity of the Group, as a result of the issue of Shares to Wah Kwong Holdings, the net tangible assets of the Group will increase by US$71,634,000 resulting from the above capitalisation.

(3) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK$7.78 and HK$10.20 per Share after deduction of the underwriting fees (excluding a discretionary fee of up to HK$4.86 million to HK$6.38 million, depending on the size of our offer, that in the sole discretion of the Company, may be payable to the Joint Lead Managers) and other related expenses payable by the Company. No account has been taken of any shares which may be issued upon exercise of the options which have been granted or may be granted under the Pre-IPO Scheme or the Share Option Scheme or any Shares which may be allotted, issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in the paragraph headed "Resolutions of the sole Shareholder" in the section headed "Further information about the Company" in Appendix VII to this prospectus.

(4) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that a total of 500,000,000 Shares were in issue assuming that the Global Offering has been completed on 31 December 2007 but takes no account of any Shares which may be issued upon exercise of the options which have been granted or may be granted under the Pre-IPO Scheme or the Share Option Scheme or any Shares which may be allotted, issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in the paragraph headed "Resolutions of the sole Shareholder" in the section headed "Further information about the Company" in Appendix VII to this prospectus.

(5) No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to 31 December 2007.

(6) For the purpose of this unaudited pro forma statement of adjusted net tangible assets, amounts stated in Hong Kong dollars have been translated to United States dollars at the exchange rate of HK$7.8 = US$1.

TAXATION AND ESTATE DUTY

Our Directors confirm that our Group will not incur any material tax and estate duty liabilities as a result of the Reorganisation as described in the section headed "Our History and Corporate Structure" in this prospectus and "Statutory and General Information" in Appendix VII to this prospectus.

SUBSEQUENT EVENTS

After 31 December 2007, we ordered two newbuildings as part of our ordinary course of business. Both newbuildings are post panamax bulkcarriers, with a purchase price per vessel of US$52.80 million, plus certain currency adjustments. We will own 50% of each of these newbuildings. Please refer to the section titled "Business — Our Fleet" in this prospectus for further details.

Additionally, we have agreed on 20 May 2008 to sell one of our supramax bulk carriers, 'GOLDEN VENTURE,' to an independent third party of the Company, subject to certain conditions. The consideration for the sale will be US$75 million based on arm's length negotiation and the carrying value of the vessel as at 31 March 2008 was approximately US$27.30 million. We expect to use the proceeds from the sale towards the repayment of the outstanding bank loan on the vessel, expansion of our Fleet and for general working capital. Completion of the sale is expected to occur in September 2008 following the expiry of 'GOLDEN VENTURE's current time charter agreement.

After 31 December 2007, the Company expects to repay to Wah Kwong Holdings Group, prior to Listing, US$6.38 million in shareholder loans which would be classified as advances from ultimate holding company. These loans represent advances from Wah Kwong Holdings Group to fund stage payments for our vessel purchases. In addition, the Company expects to repay to Wah Kwong Holdings Group, prior to Listing, all of the non-trade portions of its shareholders loans which would be classified in our financial information as amounts due to fellow subsidiaries, outstanding as of the Latest Practicable Date, totaling US$5.94 million.

Finally, as part of the Reorganisation, US$71.63 million of shareholder loans from Wah Kwong Holdings to the Company, which is classified in our financial information as advances from ultimate holding company and fellow subsidiaries, will be capitalised. Consideration of US$21.13 million for the transfer of the Vessel Companies from Wah Kwong Holdings Group to the Group, which remains

outstanding as an amount due from the Company's subsidiaries to Wah Kwong Holdings, will also be capitalised. The capitalisation of these two amounts will be settled by the Company allotting and issuing 374,999,900 new Shares credited as fully paid to Wah Kwong Holdings immediately prior to the Listing. The remaining balance of the total advances from ultimate holding company and fellow subsidiaries outstanding as of the Latest Practicable Date, totaling US$47.48 million (HK$370.37 million) will be repaid out of the proceeds from the Global Offering upon Listing. Please refer to the section headed "Further Information about the Company — Reorganisation" in Appendix VII to this prospectus for further details on the Reorganisation.

NO MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2007 (being the date to which the latest combined Group financial results have been prepared, as set out in the Accountants' Report in Appendix I to this prospectus).

FUTURE PLANS

DEVELOPMENT STRATEGIES

Our objectives and future plans listed below are described in detail in the section headed "Business — Our Strategies":

- Maintaining a low average age of the fleet
- Maintaining a focused fleet of vessels targeting PRC and Asian opportunities
- Acquisition supported by appropriate financing and time charter
- Selecting high quality charterers
- Enhancing our services to existing customers and broadening our customer base

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$1,043.64 million (assuming an Offer Price of HK$8.99, being the midpoint of the indicative Offer Price range), after deducting the underwriting commission (excluding a discretionary fee of up to HK$4.86 million to HK$6.38 million, depending on the size of our offering, that we may, in our sole discretion, decide to pay to the Joint Lead Managers) and estimated expenses payable by us in the Global Offering and assuming the Over-allotment Option is not exercised. We intend to use these net proceeds for the following purposes:

- Approximately HK$500.00 million (approximately 47.91% of the net proceeds) will be used to enlarge the size of Our Fleet and optimise the composition of Our Fleet through funding our existing newbuilding programme and placing orders for the construction of newbuildings, while maintaining our focus on the bulkcarrier and oil tanker shipping sectors. Of this amount, approximately HK$351 million will be used for the funding of our ordered newbuildings for the 12 months ended 31 March 2009.

- Approximately HK$134.16 million (approximately 12.80% of the net proceeds) will be used to repay bank borrowings, which was used for the finance of pre-delivery instalments[(1)] for some of our current newbuilding programme, particulars of which are set forth below:

Pre-delivery financing bank	**Due date**	**Interest rate** *(%)*	**Amount** *(US$ million)*
Calyon	31 January 2009	0.85% + LIBOR	17.2

(1) In some instances the Group may use pre-delivery financing for the stage payments of newbuildings. For further details, please refer to the section headed "Business — Our Business Operations — Our Fleet — Financing for acquisition of vessels" in this prospectus.

- Approximately HK$370.37 million (approximately 35.49% of the net proceeds) will be used to repay the advances from the ultimate holding company and fellow subsidiaries, and in this regard, approximately HK$370.37 million of the proceeds received into the settlement account of Cazenove with Standard Chartered Bank Hong Kong from the Global Offering shall be held by Cazenove, and the Company has given irrevocable instructions to Cazenove that, subject to the Global Offering becoming wholly unconditional, Cazenove shall apply such sums directly to repay the advances to Wah Kwong Holdings Group upon Listing;

- Approximately HK$39.11 million (approximately 3.75% of the net proceeds) will be used to provide funding for our working capital and other general corporate purposes.

To the extent that the net proceeds of the Global Offering are not immediately applied to the above purposes, we intend to deposit the proceeds in interest-bearing bank accounts, such as short-term savings accounts or basic short-term money market funds, with licensed commercial banks and/or authorised financial institutions in Hong Kong. We will also disclose such temporary deposit in the relevant annual report of our Company.

The allocation of our net proceeds from the Global Offering among new vessels under construction is based on our current expansion plan in view of prevailing market conditions and may be adjusted corresponding to changes in market conditions and our business operations.

The net proceeds to the Company from the Global Offering, after deducting the underwriting commissions (excluding a discretionary fee of up to HK$4.86 million to HK$6.38 million, depending on the size of our offering, that we may, in our sole discretion, decide to pay to the Joint Lead Managers) and estimated expenses payable by us in the Global Offering and assuming the Over-allotment Option is not exercised, are estimated to be approximately HK$1,189.75 million if the Offer Price as finally determined is HK$10.20, being the highest point of the indicative Offer Price range, and HK$897.54 million if the Offer Price as finally determined is HK$7.78, being the lowest point of the indicative Offer Price range. The above allocations of the proceeds from the Global Offering will be adjusted on a pro rata basis, except for the repayment of the advances from ultimate holding company and fellow subsidiaries and the repayment of our pre-delivery financing, in the event that the Offer Price is fixed at a higher or lower point in the indicative Offer Price range. If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds to our Company from the offering of these additional Shares will be approximately HK$162.66 million, after deducting the underwriting commissions (excluding a discretionary fee of up to HK$0.84 million that we may, in our sole discretion, decide to pay to the Joint Lead Managers) and estimated offering expenses, assuming an Offer Price of HK$8.99, being the midpoint of the indicative Offer Price range. Any additional proceeds received from any exercise of the Over-allotment Option will also be allocated to the above uses on a pro rata basis, except for the repayment of the advances from ultimate holding company and fellow subsidiaries and the repayment of our pre-delivery financing.

THE PLACING TO THE CORNERSTONE INVESTORS

We have agreements with each of Noble Resources Limited ("**Noble Resources**") and Falcon Investment Pte. Ltd. ("**Falcon**") (the "**Cornerstone Investors**" and each a "**Cornerstone Investor**") who in aggregate have agreed to subscribe for up to approximately US$18 million of the Offer Shares at the Offer Price. Assuming an Offer Price of HK$8.99 (being the mid-point of the indicated Offer Price range set out in this prospectus), the total number of Offer Shares to be subscribed by the Cornerstone Investors would be approximately 15.62 million, representing approximately 3.12% of the entire issued share capital of the Company upon completion of the Global Offering (but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option). Each of the Cornerstone Investors is an independent third party of the Company and none of them will be a substantial shareholder of our Company upon Listing. As disclosed in the sub-section of this prospectus entitled "Business — Our quality customers", Noble Chartering Limited, a subsidiary of Noble Group Limited, which is the parent of Noble Resources, has entered into a time charter in respect of one of our newbuildings. Also, as disclosed in the sub-section of Appendix VII to this prospectus entitled "Statutory and General Information — Our Subsidiaries and Joint Ventures", (i) U-Ming Marine Transport (Singapore) Private Limited, the shareholder of Falcon, jointly controls 2 of our Vessel Companies with Rosine Holdings S.A. and (ii) Overseas Shipping Private Limited, a subsidiary of U-Ming Marine Transport Corporation, the ultimate parent of Falcon, jointly controls a Vessel Company with Kriss Investments Company.

The placing to the Cornerstone Investors forms part of the International Offering. The Offer Shares to be subscribed by the Cornerstone Investors will rank pari passu in all respects with the fully paid Shares in issue and will be counted towards the public float of the Company. None of the Cornerstone Investors has a representative on the Board. The Offer Shares to be subscribed by the Cornerstone Investors will not be affected by any re-allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed "Structure of the Global Offering — The Hong Kong Public Offering".

OUR CORNERSTONE INVESTORS

Cornerstone Investors	Maximum Investment Amount *(US$)*	No. of Shares *(Note 1)*	Approximate percentage of Offer Shares to be subscribed by the Cornerstone Investors in the total number of Offer Shares *(Note 2)*	Approximate percentage of interest of the Cornerstone Investors in our issued share capital immediately following completion of the Global Offering *(Note 2)*
Noble Resources Limited	10,000,000	8,676,000	6.94%	1.74%
Falcon Investment Pte. Ltd.	8,000,000	6,941,000	5.55%	1.39%

Notes:

1. Rounded down to the nearest board lot of Shares and assuming an Offer Price of HK$8.99 (being the mid-point of the indicated Offer Price range) and assuming the Over-allotment Option is not exercised.

2. Assuming that the Over-allotment Option is not exercised.

Noble Resources Limited

Noble Resources has agreed to subscribe for such number of Offer Shares (rounded down to the nearest board lot of 500 Shares) which may be purchased up to approximately US$10 million at the Offer Price. Assuming an Offer Price of HK$8.99 (being the mid-point of the Offer Price range set out in this prospectus), the total number of the Offer Shares that Noble Resources will subscribe for would be approximately 8.68 million Shares representing approximately 1.74% of the entire issued share capital of the Company upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

Noble Resources is incorporated in Hong Kong and is principally engaged in supply chain management of raw materials. Noble Resources is a subsidiary of Noble Group Limited which is incorporated in Bermuda and listed in Singapore (SGX: NOBL). With annual revenues exceeding US$20 billion, Noble Group Limited is a market leader in managing the global supply chain of agricultural, industrial and energy products and manages a diversified portfolio of essential raw materials, integrating the sourcing, marketing, processing, financing and transportation.

Falcon Investment Pte. Ltd.

Falcon has agreed to subscribe for such number of Offer Shares (rounded down to the nearest board lot of 500 Shares) which may be purchased up to approximately US$8 million at the Offer Price.

Assuming an Offer Price of HK$8.99 (being the mid-point of the Offer Price range set out in this prospectus), the total number of the Offer Shares that Falcon will subscribe for would be approximately 6.94 million Shares representing approximately 1.39% of the entire issued share capital of the Company upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

Falcon Investment Pte. Ltd. is incorporated in the British Virgin Islands and is an investment company for the U-Ming group of companies. It is wholly owned by U-Ming Marine Transport (Singapore) Pte. Ltd., a subsidiary of U-Ming Marine Transport Corp. which is listed on the Taiwan Stock Exchange. The U-Ming group provides marine transportation of cement, dry commodities and industrial raw materials, specialising in the trading of vessels and providing agency services.

Conditions Precedent

The subscription obligations of the Cornerstone Investors are conditional upon, amongst other things, the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become unconditional by 30 June 2008 and not being terminated in accordance with the terms of the respective agreements.

Restrictions on Disposal of the Cornerstone Investors' interest in the Company

Each Cornerstone Investor has agreed that for a period of six months following the commencement of dealings in the Shares on the Hong Kong Stock Exchange ("**Lock Up Period**"), other than with the prior written consent of the Company and the Joint Sponsors, the Cornerstone Investor will not, directly or indirectly:

(a) "**dispose of**" any interest in the share capital of the Cornerstone Investor or any of the "Relevant Shares", being Investor Shares and any shares or other securities of the Company which are derived from the Investor Shares, including (i) any convertibles, equity-linked securities and derivatives with underlying assets being the Investor Shares (pursuant to any rights issue, capitalization issue, capital reorganization or otherwise) whether such other transaction is to be settled by delivery of the Relevant Shares in case or otherwise or (ii) any interest in any company or entity holding (directly or indirectly) any of the Relevant Shares.

(b) enter into any transaction with the same economic effect as any transaction described in paragraph (a) above; or

(c) agree or contract to, or publicly announce any intention to enter into any transaction described in paragraph (a) or (b) above.

For the purpose of this restriction, "**dispose of**" includes in respect of any Shares, offering, pledging, charging, selling, mortgaging, lending, creating, transferring or otherwise disposing of any legal or beneficial interest (including by the creation of or an agreement to create or selling or granting or agreeing to sell or grant any option or contract to purchase or any warrant or right to purchase) in Shares or any securities convertible into or exercisable or exchangeable for such Shares, or

contracting to do so, whether directly or indirectly, conditionally or unconditionally, or entering into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences or incidents of ownership of such Shares or securities whether any of the foregoing transactions is to be settled by delivery of Shares or such other securities, cash or otherwise.

Each Cornerstone Investor has also agreed that if, at any time after the expiry of the Lock-up Period, it enters into any transactions set out above, or agrees or contracts, or publicly announces an intention to enter into any such transactions, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the Shares and will comply with the Listing Rules and other applicable laws.

HONG KONG UNDERWRITERS

Joint Lead Managers (in alphabetical order)

Anglo Chinese Corporate Finance, Limited
Cazenove Asia Limited

Co-Lead Manager

DBS Asia Capital Limited

Co-Managers

First Shanghai Securities Limited
Sun Hung Kai Financial
Wocom Securities Limited

INTERNATIONAL UNDERWRITERS

Anglo Chinese Corporate Finance Limited
Cazenove Asia Limited
DBS Asia Capital Limited
First Shanghai Securities Limited
Sun Hung Kai Financial
Wocom Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

HONG KONG PUBLIC OFFERING

Hong Kong Underwriting Agreement

We are offering on a fully underwritten basis the Public Offer Shares for subscription on, and subject to, the terms and conditions of this prospectus and the Application Forms. Subject to the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the Shares to be offered pursuant to the Global Offering as mentioned herein and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally and not jointly to purchase or procure purchasers for the Public Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

Grounds for Termination

The Joint Lead Managers (for themselves and on behalf of the Hong Kong Underwriters) may in their sole and absolute discretion terminate the Hong Kong Underwriting Agreement at any time prior to 8:00 a.m. on the Listing Date, if at or prior to such time:

(a) there develops, occurs, exists or comes into force:

(i) any change or development involving a prospective change or development, or any event or series of events resulting in or representing a change or development, or prospective change or development, in local, national, regional or international financial, political, military, industrial, economic, fiscal or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Renminbi against any foreign currencies) in or affecting Hong Kong, the Cayman Islands, China, the United States, the European Union (or any member thereof) or any other relevant jurisdiction (each a "**Relevant Jurisdiction**"); or

(ii) any new law or regulation or any change or development involving a prospective change in existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any Relevant Jurisdiction; or

(iii) any event or series of events in the nature of force majeure (including, without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, acts of war, acts of terrorism (whether or not responsibility has been claimed), acts of God, accident or interruption or delay in transportation, outbreak of diseases or epidemics including, but not limited to, SARS and H5N1 and such related/mutated forms, economic sanction) in or affecting any Relevant Jurisdiction; or

(iv) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any Relevant Jurisdiction; or

(v) (A) any suspension or limitation on trading in shares or securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ National Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Tokyo Stock Exchange or (B) a general moratorium on commercial banking activities in New York, London, Hong Kong, the Cayman Islands or China, declared by the relevant authorities, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any Relevant Jurisdiction; or

(vi) any change or prospective change in taxation or exchange controls, currency exchange rates or foreign investment regulations in any Relevant Jurisdiction adversely affecting an investment in the Shares; or

(vii) the commencement by any regulatory body or organisation of any public action against a Director or any member of the Wah Kwong Maritime Group or an announcement by any regulatory body or organisation that it intends to take any such action; or

(viii) any adverse change or prospective adverse change in the earnings, business, business prospects, financial or trading position, or conditions (financial or otherwise) of our Company or any member of the Wah Kwong Maritime Group (including any litigation or claim being threatened or instigated against any member of the Wah Kwong Maritime Group); or

(ix) any change or prospective change in, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this Prospectus; or

(x) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; the chairman or chief executive officer of our Company vacating his or her office in circumstances where the operations of the Wah Kwong Maritime Group may be adversely affected; the commencement by any regulatory body or organisation of any action against a Director or an announcement by any regulatory body or organisation that it intends to take any such action; or

(xi) a valid demand by any creditor for repayment or payment of any indebtedness of our Company or any member of the Wah Kwong Maritime Group or in respect of which our Company or any member of the Wah Kwong Maritime Group is liable prior to its stated maturity; or

(xii) a petition is presented for the winding-up or liquidation of our Company or any member of the Wah Kwong Maritime Group, or our Company or any member of the Wah Kwong Maritime Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of our Company or any member of the Wah Kwong Maritime Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of our Company or any member of the Wah Kwong Maritime Group or anything analogous thereto occurs in respect of our Company or any member of the Wah Kwong Maritime Group,

and which, in any such case in the absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Hong Kong Underwriters):

(a) is or will be or may be materially adverse to, or materially and prejudicially affect, the business or financial or trading position or prospects of the Wah Kwong Maritime Group as a whole; or

(b) has or will have or may have a material adverse effect on the success of the Global Offering and/or make it impracticable or inadvisable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering and/or the Global Offering to be performed or implemented as envisaged; or

(c) makes or will or may make it inadvisable or inexpedient to proceed with the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by this Prospectus; or

(b) there has come to the notice of the Joint Lead Managers or any of the Hong Kong Underwriters after the date of the Hong Kong Underwriting Agreement:

(i) that any statement contained in this prospectus, the Application Forms, the formal notice and any announcements in the agreed form issued by our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was or has become untrue, incorrect or misleading in any material respect; or

(ii) any matter has arisen or has been discovered which would, had it arisen immediately before the date of this prospectus, not having been disclosed in this prospectus, constitute a material omission therefrom; or

(iii) any of the warranties given by our Company or our Controlling Shareholder in the Hong Kong Underwriting Agreement is (or would when repeated be) untrue or misleading in any material respect; or

(iv) any event, act or omission which gives or is likely to give rise to any material liability of any of our Company or our Controlling Shareholder pursuant to the indemnities given by them under the Hong Kong Underwriting Agreement; or

(v) any breach of any of the obligations of our Company or our Controlling Shareholder under the Hong Kong Underwriting Agreement in any material respect; or

(vi) any material adverse change or prospective adverse change in the business, properties owned, rented or leased by members of the Wah Kwong Maritime Group, particulars of which are set out in Appendix IV to this prospectus, results of operations, or the financial or trading position of the Wah Kwong Maritime Group as a whole; or

(vii) the approval by the Listing Committee of the Hong Kong Stock Exchange of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-Allotment Option) under the Global Offering having been granted is subsequently withdrawn, qualified (other than by customary conditions) or withheld.

Undertakings to the Hong Kong Stock Exchange pursuant to the Hong Kong Listing Rules

By us

Pursuant to Rule 10.08 of the Hong Kong Listing Rules, we have undertaken to the Hong Kong Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the commencement of dealing), except in certain circumstances prescribed by Rule 10.08 of the Hong Kong Listing Rules.

By our Controlling Shareholder

Pursuant to Rule 10.07(1) of the Hong Kong Listing Rules, our Controlling Shareholder has undertaken to us and the Hong Kong Stock Exchange that, except pursuant to the Stock Borrowing Agreement, it shall not:

(a) in the period commencing on the date by reference to which disclosure of the shareholding of our Controlling Shareholder is made in this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares or securities of our Company in respect of which it is shown by this prospectus to be the beneficial owner; or

(b) in the period of six months commencing on the date on which the First Six-month Period expires (the "**Second Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances it would cease to be our controlling shareholder.

Our Controlling Shareholder has also undertaken to the Hong Kong Stock Exchange and us that, within the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will:

(a) when it pledges or charges any Shares beneficially owned by it, immediately inform us of such pledge or charge together with the number of such Shares or other securities so pledged or charged; and

(b) when it receives any indications, either verbal or written, from any pledgee or chargee of any Shares that such Shares or securities will be disposed of, immediately inform us of any such indications.

We will inform the Hong Kong Stock Exchange as soon as we have been informed of the above matters (if any) by our Controlling Shareholder and disclose such matters by way of a press notice which is published in the newspapers as soon as possible after being so informed by our Controlling Shareholder.

Undertakings pursuant to the Hong Kong Underwriting Agreement

By us

We have undertaken to each of the Global Coordinator, the Joint Sponsors and the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option), we will not, without the prior written consent of the Joint Sponsors (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Hong Kong Listing Rules, at any time from the date of the Hong Kong Underwriting Agreement until the expiry of the First Six Month Period offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any of our share capital, debt capital or other securities of our Company or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or any interest therein), or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise.

By our Controlling Shareholder

Our Controlling Shareholder has undertaken to each of us, the Global Coordinator, the Joint Sponsors and the Hong Kong Underwriters that it will not and will procure that none of its associates or companies controlled by it or any nominee or trustee holding in trust for it will, without the prior written consent of the Joint Sponsors and unless in compliance with the requirements of the Hong Kong Listing Rules:

(a) during the First Sixth-month Period, offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital, debt capital or other securities of our Company or any interest therein with respect to which it has beneficial ownership or is shown in this prospectus to be held by it (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital or other securities of our Company or any interest therein) or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences

of ownership of such share capital or securities or any interest therein, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so;

(b) during the Second Six-month Period, offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any of the share capital, debt capital or other securities of our Company or any interest therein with respect to which it has beneficial ownership or which are shown in this prospectus to be held by it (including but not limited to any securities that are convertible into or exercisable or exchangeable for or that represent the right to receive, any such share capital or other securities of our Company or any interest therein) or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so if, immediately following such transaction, it would or together our Controlling Shareholder and its associates would cease to hold an aggregate beneficial interest of at least 30% of our issued share capital; and

(c) in the event of a disposal by it of any of our share capital or any interest therein during the Second Six-month Period it will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for the Shares or other securities of our Company.

Our Controlling Shareholder has also undertaken to each of us, the Global Coordinator, the Joint Sponsors and the Hong Kong Underwriters that it and its associates will not, and we have agreed to use our reasonable endeavours to procure the none of the Directors nor their respective associates will, apply for any of the Offer Shares pursuant to the Global Offering, either directly or indirectly, whether in its own name or through nominees.

Our Controlling Shareholder has further undertaken to each of us, the Global Coordinator, the Joint Sponsors and the Hong Kong Underwriters that it will, within the period commencing on the date of this prospectus and ending on the date which is 12 months after the Listing Date, immediately inform us, the Global Coordinator, the Joint Sponsors and the Hong Kong Stock Exchange of:

(i) any pledges or charges of any Shares or other securities of our Company beneficially owned by it and the number of such Shares or other securities so pledged or charged and the purpose for which such pledge or charge is to be created; and

(ii) any indication received by it, either verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that such Shares or other securities of our Company so pledged or charged will be disposed of.

We and our Controlling Shareholder jointly and severally have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from the proper performance of their obligations under the Hong Kong Underwriting Agreement or otherwise in connection with the Global Offering and any breach by us of the Hong Kong Underwriting Agreement.

Underwriters' interest in our Company

Save for their respective obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the Underwriters has any shareholding interests in our Company or any of our subsidiaries or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

International Offering

International Underwriting Agreement

In connection with the International Offering, we expect to enter into the International Underwriting Agreement with the International Underwriters and our Controlling Shareholder. Under the International Underwriting Agreement, the International Underwriters to be named therein would severally agree to purchase the International Offering Shares or procure purchasers for the International Offering Shares.

Under the International Underwriting Agreement, we intend to grant to the Global Coordinator (on behalf of the International Underwriters) the Over-allotment Option, exercisable at the sole and absolute discretion of the Global Coordinator (on behalf of the International Underwriters) for up to 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require us to issue and allot up to an aggregate of 18,750,000 additional new Shares representing, in aggregate, 15% of the maximum number of Offer Shares initially available under the Global Offering. These Shares will be sold at the Offer Price and will be solely for the purpose of covering over-allocations in the International Offering, if any.

Under the International Underwriting Agreement, as described in the sub-section of this prospectus entitled "Future Plans and Use of Proceeds — Use of Procceds", we have given the Global Coordinator irrevocable instructions to apply the necessary sum from the proceeds of the Global Offering to repay certain advances from the ultimate holding company and fellow subsidiaries owed to Wah Kwong Holdings Group.

TOTAL COMMISSION AND EXPENSES

We will pay to the Joint Lead Managers (for themselves and on behalf of the Hong Kong Underwriters) an underwriting commission at the rate of 2.5% of the aggregate Offer Price payable for the Public Offer Shares subscribed for under the Hong Kong Public Offering, out of which the Hong Kong Underwriters will pay all (if any) sub-underwriting commissions. For unsubscribed Public Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the same rate and such commission will be paid to the International Underwriters and not the Hong Kong Underwriters.

We will pay to the Joint Lead Managers (for themselves and on behalf of the International Underwriters) an underwriting commission at the rate of 3.5% of the aggregate Offer Price payable for the International Offer Shares subscribed for (including any Shares reallocated to the Hong Kong Public Offering and any Shares issued pursuant to the Over-allotment Option, but excluding any unsold Shares in the Hong Kong Public Offering reallocated to the International Offering) under the International Offering.

In addition, upon completion of the Global Offering, and at our sole and absolute discretion, we may pay to the Joint Sponsors collectively an additional fee of up to a total of 0.50% of the aggregate proceeds of the Global Offering (any such fee payment to be for their account only and to be shared between the Joint Sponsors as they may agree).

Assuming an Offer Price of HK$8.99 (being the midpoint of the stated Offer Price range of HK$7.78 to HK$10.20), the aggregate commissions and fees, together with Hong Kong Stock Exchange listing fees, SFC transaction levy, Hong Kong Stock Exchange trading fee, legal and other professional fees and printing and other expenses relating to the Global Offering incurred by us, are estimated to amount in aggregate to approximately HK$80.11 million in total (assuming the Over-allotment Option is not exercised there is no re-allocation of Shares subscribed for between the Hong Kong Public Offering and the International Offering and no payment of the discretionary fee discussed above).

THE GLOBAL OFFERING

The Global Offering consists of:

(i) the Hong Kong Public Offering of 12,500,000 Offer Shares (subject to reallocation as mentioned below) in Hong Kong as described below under "Structure of the Global Offering — The Hong Kong Public Offering". The Hong Kong Public Offering includes the 1,250,000 Offer Shares initially available for subscription by Eligible Employees on a preferential basis; and

(ii) the International Offering of 112,500,000 Offer Shares (subject to reallocation and the Over-allotment Option as mentioned below) in the United States to qualified institutional buyers (as such term is defined in Rule 144A under the US Securities Act) in reliance on Rule 144A, and to parties outside the United States in reliance on Regulation S (including a public offer without listing in Japan).

Cazenove is the Global Coordinator and together with Anglo Chinese are the Joint Sponsors, Joint Lead Managers and Joint Bookrunners of the Global Offering.

Investors may apply for the Public Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for the International Offering Shares under the International Offering, but may not do both.

Allocation of Offer Shares pursuant to the International Offering will be determined by the Joint Lead Managers and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell Shares, after the Listing. Such allocation is intended to result in a distribution of Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our Shareholders as a whole.

Allocation of Public Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering except that up to 1,250,000 Public Offer Shares (representing 10% of the total number of Public Offer Shares initially available under the Hong Kong Public Offering) will be made available for subscription on **pink** Application Forms by Eligible Employees on a preferential basis. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants, but will otherwise be made strictly on a pro-rata basis, although the allocation of Public Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, respectively, may be subject to reallocation as described below under "Structure of the Global Offering — Pricing and Reallocation".

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

The Hong Kong Public Offering is a public offer for the subscription in Hong Kong of, initially, 12,500,000 Offer Shares at the Offer Price, representing approximately 10% of the total number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option). Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the Public Offer Shares will represent approximately 2.5% of our enlarged issued share capital immediately after completion of the Global Offering but before any exercise of the Over-allotment Option.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Up to 1,250,000 Public Offer Shares (representing approximately 10% of the Public Offer Shares initially being offered under the Hong Kong Public Offering) are available for subscription by the Eligible Employees on a preferential basis. Valid applications from Eligible Employees in respect of two board lots of Public Offer Shares or less will be accepted in full on an assured basis, subject to the terms and conditions set out in this prospectus and the **pink** Application Form. Where an Eligible Employee applies for a number of Shares which is greater than two board lots (i.e. 1,000) Public Offer Shares, the application to the extent of 1,000 Shares will be satisfied in full, subject as mentioned above, but the excess portion of such application will only be met to the extent that there are sufficient remaining Public Offer Shares after satisfaction of all valid applications from Eligible Employees on assured basis as mentioned above. Such remaining Public Offer Shares, if sufficient, will be allocated to such applicants on a pro-rata basis in proportion (as nearly as possible without involving portions of a board lot) to the level of outstanding valid applications received from the Eligible Employees, or balloted if such remaining Shares are not sufficient. If balloting is conducted, some Eligible Employees may be allocated more Shares than others who have applied for the same number of Shares. No favour will be given to the employees who apply for a large number of Shares or any employees who held a senior position within the Group. Application in excess of 1,250,000 Public Offer Shares initially available to applicants on **pink** Application Forms will be rejected. Allocation of Public Offer Shares to applications made on **pink** Application Forms will be based on the allocation guidelines contained in Practice Note 20 to the Hong Kong Listing Rules and, in case any exceptions are noted, an announcement will be made in accordance with Practice Note 20.

As at the Latest Practicable Date, there were 15 Eligible Employees.

In case not all the 1,250,000 Public Offer Shares are subscribed for by the Eligible Employees, the under-subscribed Shares will be available for subscription by the public under the Hong Kong Public Offering.

The Hong Kong Public Offering is subject to agreement as to pricing and satisfaction or waiver of the other conditions set out in the Hong Kong Underwriting Agreement and described in the section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" in this prospectus.

Allocation

For allocation purposes only, the total number of the Public Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering referred to below and deducting the number of Public Offer Shares validly subscribed for by Eligible Employees) is to be divided equally into two pools: Pool A and Pool B. The Public Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares with an aggregate subscription price of HK$5 million (excluding brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable thereon) or less. The Public Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares with an aggregate subscription price of more than HK$5 million (excluding brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable thereon) and up to the value of Pool B. For the purposes of this paragraph only, the "price" for the Public Offer Shares means the price payable on application therefor (without regard to the Offer Price is finally determined).

Investors should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If the Public Offer Shares in one (but not both) of the Pools are under-subscribed, the surplus Public Offer Shares in that Pool will be transferred to the other Pool to satisfy demand in the other Pool and be allocated accordingly.

Applicants can only receive an allocation of the Public Offer Shares from either Pool A or Pool B but not from both Pools. Multiple or suspected multiple applications will be rejected and any application for more than 5,625,000 Public Offer Shares (representing the number of Public Offer Shares originally allocated under either Pool A or B assuming all Public Offer Share available for subscription by Eligible Employees are validly subscribed, i.e. 50% of the net of 12,500,000 Public Offer Shares less 1,250,000 Public Offer Shares under the **pink** Application Forms initially included in the Hong Kong Public Offering) will be rejected. Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him or her that he or she or any person(s) for whose benefit he or she is making the application have not indicated an interest for or applied for or taken up or been placed or allotted (including conditionally and/or provisionally) and will not indicate an interest for or apply for or take up or be placed or allotted (including conditionally and/or provisionally) any Offer Shares under the International Offering nor otherwise have participated or will participate in the International Offering, and such applicant's application will be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be).

The Joint Lead Managers (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the

Hong Kong Public Offering, to provide sufficient information to the Joint Lead Managers so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that such investor is excluded from any application of Offer Shares under the Hong Kong Public Offering.

Reallocation

The allocation of Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment depending upon the demand level under the Hong Kong Public Offering. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Offer Shares initially available under the Hong Kong Public Offering, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 37,500,000, 50,000,000 and 62,500,000 Offer Shares, respectively, representing approximately 30% (in the case of (i)), 40% (in the case of (ii)) and 50% (in the case of (iii)), respectively, of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option). In such cases, the number of Offer Shares allocated in the International Offering will be correspondingly reduced, and such additional Offer Shares will be allocated to Pool A and Pool B. Subject to the preceding, the Joint Lead Managers may in their absolute discretion reallocate all or any of the International Offering Shares from the International Offering to the Hong Kong Public Offering.

In addition, if the Hong Kong Public Offering is not fully subscribed, the Joint Lead Managers may reallocate to the International Offering all or any unsubscribed Public Offer Shares in such manner as they deem appropriate.

References in this prospectus to applications, Application Forms, application or subscription monies or the procedure for application relate solely to the Hong Kong Public Offering.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for the Offer Shares pursuant to the Hong Kong Public Offering will be conditional on, among other things:

- the Listing Committee of the Hong Kong Stock Exchange granting the listing of and permission to deal in the Shares to be issued and sold as mentioned herein (including any additional Shares which may be issued and sold pursuant to the exercise of the Over-allotment Option), and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Hong Kong Stock Exchange;

- the Offer Price having been duly determined and the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

- the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any conditions by the Joint Lead Managers, on behalf of the Underwriters) and not having been terminated in accordance with the terms of the respective agreements,

in each case, on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 27 June 2008.

If for any reason the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and accordingly the listing of the Shares on the Hong Kong Stock Exchange will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other being unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. We will publish a notice of the lapse of the Global Offering in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the day after such lapse.

In the above situation, we will return all application monies to the applicants, without interest and on the terms set out in the section headed "How to Apply for the Public Offer Shares" in this prospectus. In the meantime, we will hold all application monies in a separate bank account or separate bank accounts with the receiving bankers or other bank(s) licenced under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

We expect to issue share certificates for the Public Offer Shares on 10 June 2008. However, these share certificates will only become valid certificates of title if (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting" in this prospectus has not been exercised, which is expected to be around 8:00 a.m.. (Hong Kong time) on the Listing Date.

THE INTERNATIONAL OFFERING

The International Offering will consist of an offer of an aggregate of 112,500,000 Offer Shares, representing 90% of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option) at the Offer Price. The International Offering is subject to the Hong Kong Public Offering becoming unconditional.

Pursuant to the International Offering, the International Underwriters will conditionally place our Shares with qualified institutional buyers (as such term is defined in Rule 144A under the US Securities Act) in the United States in reliance on Rule 144A, as well as with institutional and professional investors and other investors expected to have a sizeable demand for our Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, we expect to grant the Over-allotment Option to the International Underwriters, exercisable by the Global Coordinator on behalf of the International Underwriters within 30 days after the last day for lodging applications under the Hong Kong Public Offering. A regulatory announcement will be made in the event that the Over-allotment Option is exercised. Pursuant to the Over-allotment Option, the Global Coordinator (on behalf of the International Underwriters) will have the right to require the Company to allot and issue up to an aggregate of 18,750,000 additional new Shares, representing in aggregate approximately 15% of the initial Offer Shares, at the Offer Price, solely to cover over-allocations in the International Offering, if any. The Global Coordinator may also cover such over-allocations by, among other means, purchasing Shares in the secondary market or through stock borrowing arrangements from holders of Shares or by a combination of these means (including the exercise of the Over-allotment Option) or otherwise as may be permitted under applicable laws. Any such secondary market purchase will be made in compliance with all applicable laws, rules and regulations.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the market price of the securities below the offer price. In Hong Kong and a number of other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Global Coordinator as stabilising manager (the "**Stabilising Manager**") or any person acting for it may over-allot or effect transactions with a view to supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilising Manager or any person acting for it to do this. Such stabilising action, if taken, may be discontinued at any time, and is required to be brought to an end after a limited period. Any stabilising action taken will be in accordance with applicable laws, rules and regulations on stabilisation.

The number of International Offering Shares may be increased by up to an aggregate of 18,750,000 additional Shares, representing approximately 15% of the Shares initially available under the Global Offering through the exercise of the Over-allotment Option. The stabilisation price will not exceed the initial Offer Price or other pricing limits stipulated by the Securities and Futures (Price Stabilising) Rules of Hong Kong.

Stabilisation action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilising) Rules, as amended, includes (i) over-allocating for the purpose of preventing or minimising any reduction in the market price of the Shares, (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the Shares for the

sole purpose of preventing or minimising any reduction in the market price of the Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Shares should note that:

- the Stabilising Manager may, in connection with the stabilising action, maintain a long position in the Shares;
- there is no certainty regarding the extent to which and the time period for which the Stabilising Manager will maintain such a position;
- liquidation of any such long position by the Stabilising Manager may have an adverse impact on the market price of the Shares;
- no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date, following announcement of the Offer Price, and is expected to expire on 3 July 2008, being the 30th day after the date expected to be the latest date for lodging applications under the Hong Kong Public Offering. After this date, when no further action may be taken to support the price of the Shares, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of any security (including the Shares) cannot be assured to stay at or above its Offer Price by the taking of any stabilising action; and
- stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilising Manager may choose to borrow, whether on its own or through its affiliates, up to 18,750,000 Shares from Wah Kwong Holdings pursuant to the Stock Borrowing Agreement (if applicable), or acquire Shares from other sources, including exercising the Over-Allotment Option. All stock borrowing arrangements will comply with the requirements set out in Hong Kong Listing Rule 10.07(3):

(a) the Stock Borrowing Agreement is fully described in this prospectus and must be for the sole purpose of covering any short position prior to the exercise of the Underwriters' Over-allotment Option in the Global Offering;

(b) the maximum number of Offer Shares to be borrowed from the Controlling Shareholder by the Underwriters is the maximum number of Offer Shares that may be issued upon full exercise of the Over-allotment Option;

(c) the same number of Offer Shares so borrowed is returned to the Controlling Shareholder or its nominee (as the case may be) within 3 business days after the last day on which the Over-allotment Option may be exercised or, if earlier, the date on which the Over-allotment Option is exercised in full;

(d) borrowing of Offer Shares pursuant to the Stock Borrowing Agreement will be effected in compliance with applicable listing rules, laws and other regulatory requirements; and

(e) no payments will be made to the Controlling Shareholder by the Underwriters in relation to the Stock Borrowing Agreement.

PRICING

Determining the Offer Price

The International Underwriters are soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective investors will be required to specify the number of International Offering Shares they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or around the last day for lodging applications under the Hong Kong Public Offering.

Pricing of the Offer Shares for the purposes of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be 3 June 2008 but in any event not later than 10 June 2008, and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter by agreement between the Joint Lead Managers (on behalf of the Underwriters) and us.

The Offer Price will be not more than HK$10.20 and is currently expected to be not less than HK$7.78 unless otherwise announced by no later than the morning of the last day for lodging applications under the Hong Kong Public Offering as further explained below. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.**

Price payable on application

Applicants for Public Offer Shares under the Hong Kong Public Offering are required to pay, on application, the maximum offer price of HK$10.20 for each Public Offer Share. If the Offer Price as finally determined is less than the offer price of HK$10.20 (excluding brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee thereon) initially paid on application, appropriate refund payments (including brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for the Public Offer Shares — Refund of Application Monies."

Reduction in indicative office price range and/or number of Offer Shares

Based on the level of interest expressed by prospective professional and institutional investors during the book-building process, the Joint Lead Managers (on behalf of the Hong Kong Underwriters) may, with our consent, reduce the number of Offer Shares and/or the indicative offer price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) notices of the reduction of the number of Offer Shares and/or the indicative Offer Price range. Before submitting applications for Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the offer statistics as currently set out in the section headed "Summary" in this prospectus, and any other financial information which may change as a result of any such reduction. **Applicants under the Hong Kong Public Offering should note that in no circumstances can applications be withdrawn once submitted, even if the number of Offer Shares and/or the Offer Price range is so reduced.**

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Joint Lead Managers may at their discretion, reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering (assuming the Over-allotment Option is not exercised).

Net proceeds from the Global Offering

The net proceeds from the Global Offering accruing to the Company are estimated to be approximately HK$1,043.64 million. The estimated net proceeds are calculated after deduction of underwriting fees and estimated expenses payable by the Company in relation to the Global Offering but before the deduction of the discretionary fee payable in the sole discretion of the Company to the Joint Lead Managers discussed above, assuming that the Over-allotment Option is not exercised and an Offer Price of HK$8.99, being the mid-point of the proposed Offer Price range of HK$7.78 to HK$10.20.

Announcement of Offer Price and basis of allocations

The applicable Offer Price, level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering, and the results of application and basis of allocations of the Public Offer Shares are expected to be announced on 10 June 2008 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese).

OUR SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, our Shares on the Hong Kong Stock Exchange and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC.

Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second trading day after any trading day. You should seek the advice of your stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect your rights and interests.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on 11 June 2008, it is expected that dealings in Shares on the Hong Kong Stock Exchange will commence at 9:30 a.m. on 11 June 2008.

1. METHODS FOR APPLYING FOR PUBLIC OFFER SHARES

You may apply for the Public Offer Shares using one the following methods:

- by using a **white** Application Form if you want the Public Offer Shares issued in your own name;
- by using a **yellow** Application Form if you want the Public Offer Shares issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.
- Instead of using a **yellow** Application Form, you may **electronically instruct** HKSCC to cause HKSCC Nominees to apply for the Public Offer Shares on your behalf.

In addition, if you are an Eligible Employee, you may apply for the Public Offer Shares by using a **pink** Application Form. Use a **pink** Application Form, if you want the Public Offer Shares to be registered in your own name and want your application to be given preferential treatment. Up to 1,250,000 Public Offer Shares (representing 10% of Public Offer Shares initially available for subscription under the Hong Kong Public Offering) are available to Eligible Employees.

Unless you are an Eligible Employee who has made an application on a **pink** Application Form, or except where you are a nominee and provided the required information in your application, you or you and your joint applicant(s) may **not** make more than one application (which individually or jointly) by applying on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC.

2. WHO CAN APPLY FOR THE PUBLIC OFFER SHARES

You can apply for Hong Kong Public Offer Shares if you or any person(s) for whose benefit you are applying, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States; and
- are not a person located in the United States, or a legal or natural person of the PRC (except qualified domestic institutional investors).

If the applicant is a firm, the application must be in the names of the individual members, not the firm's name. If the applicant is a body corporate, the Application Form must be signed by a duly authorised officer, who must state his or her representative capacity.

If an application is made through a duly authorised attorney under a valid power of attorney, we and the Joint Bookrunners (or their respective agents and nominees) may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of the attorney.

The number of joint applicants may not exceed four.

We, the Joint Lead Managers, in their capacity as our agent, have full discretion to reject or accept any application, in full or in part, without assigning any reason.

The Public Offer Shares are not available to existing beneficial owners of shares, the Director or chief executive of Company or any of our subsidiaries or associates of any of them (as "associate" is defined in the Hong Kong Listing Rules) or any other connected persons (as defined in the Hong Kong Listing Rules) of the Company or persons who will become connected persons of the Company immediately upon completion of the Global Offering or any grantee of options under the Pre-IPO Scheme.

3. WHERE TO COLLECT THE PROSPECTUS AND WHITE, YELLOW AND PINK APPLICATION FORMS

- You can collect a **white** Application Form and a prospectus during normal business hours from:

  Any of the following addresses of the Hong Kong Underwriters

Anglo Chinese Corporate Finance, Limited
40th Floor, Two Exchange Square
8 Connaught Place, Central
Hong Kong

Cazenove Asia Limited
50th Floor, One Exchange Square
8 Connaught Place, Central
Hong Kong

DBS Asia Capital Limited
22nd Floor The Center
99 Queen's Road Central
Hong Kong

First Shanghai Securities Limited
19/F., Wing On House
71 Des Voeux Road Central
Hong Kong

Sun Hung Kai Financial
1201 CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

Wocom Securities Limited
1002 Wing On Centre
111 Connaught Road Central
Hong Kong

or any of the following branches of **Standard Chartered Bank (Hong Kong) Limited**:

	Branch Name	Address
Hong Kong Island	Central Branch	Shop no. 16, G/F and Lower G/F, New World Tower, 16-18 Queen′s Road Central, Central
	88 Des Voeux Road Branch	88 Des Voeux Road Central, Central
	Aberdeen Branch	Shop 4A, G/F, Aberdeen Centre Site 5, No.6 Nam Ning Street, Aberdeen
	Hennessy Road Branch	399 Hennessy Road, Wanchai
	Quarry Bay Branch	G/F, Westlands Gardens, 1027 King′s Road, Quarry Bay
	North Point Centre Branch	North Point Centre, 284 King′s Road, North Point
Kowloon	Kwun Tong Branch	1A Yue Man Square, Kwun Tong
	Mongkok Branch	Shop B, G/F, 1/F & 2/F, 617-623 Nathan Road, Mongkok
	Tsimshatsui Branch	G/F, 10 Granville Road, Tsimshatsui
	Chatham Road Branch	Shop No. 1,2,3, G/F, Katherine House, No. 53-55 Chatham Road South, Kowloon
	Telford Gardens Branch	Shop P9-12, Telford Centre, Telford Gardens, Tai Yip Street, Kwun Tong
New Territories	Shatin Centre Branch	Shop 32C, Level 3, Shatin Shopping Arcade, Shatin Centre, 2-16 Wang Pok Street, Shatin
	Tsuen Wan Branch	Shop C, G/F & 1/F, Jade Plaza, 298 Sha Tsui Road, Tsuen Wan
	Metroplaza Branch	Shop No. 186-188, Level 1, Metroplaza, 223 Hing Fong Road, Kwai Fong, N.T.
	Tseung Kwan O Branch	Shop G37-40, G/F, Hau Tak Shopping Centre East Wing, Hau Tak Estate, Tseung Kwan O

- You can collect a **yellow** Application Form and a prospectus during the normal business hours from 9:00 a.m. on 29 May 2008 till 12:00 noon on 3 June 2008 from:

  The Depository Counter of HKSCC at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong.

- You can collect a **pink** Application Form and a prospectus from the Company Secretary, Mr. KAM, Koon Tong David, at our Company's head office and principal place of business in Hong Kong at:

  Unit 2103, 21st Floor
  Shanghai Industrial Investment Building
  48-62 Hennessy Road
  Wan Chai
  Hong Kong

- Your broker may also have **white** and **yellow** Application Forms and this prospectus available.

4. TIME FOR APPLYING FOR PUBLIC OFFER SHARES

White or Yellow Application Forms

Completed **white** or **yellow** Application Forms, with payment attached, must be lodged by 12:00 noon on 3 June 2008, or, if the application lists are not open on that day, then by 12:00 noon on the next day the lists are open.

Your completed Application Form, with full payment in HK dollars attached, should be deposited in the special collection boxes provided at any of the branches of Standard Chartered Bank (Hong Kong) Limited listed under the section headed "Where to Collect The Application Forms" above at the following times:

29 May 2008 — 9:00 a.m. to 4:00 p.m.
30 May 2008 — 9:00 a.m. to 4:00 p.m.
31 May 2008 — 9:00 a.m. to 1:00 p.m.
2 June 2008 — 9:00 a.m. to 4:00 p.m.
3 June 2008 — 9:00 a.m. to 12:00 noon

Pink Application Forms

Completed **pink** Application Forms, with payment attached, must be returned to the Company Secretary, Mr. KAM Koon Tong David at Unit 2103, 21st Floor, Shanghai Industrial Investment Building, 48-62 Hennessy Road, Wan Chai, Hong Kong by **4:00 p.m. on 2 June 2008**.

Electronic application instructions to HKSCC

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Thursday, 29 May 2008 — 9:00 a.m. to 8:30 p.m.(1)
Friday, 30 May 2008 — 8:00 a.m. to 8:30 p.m.(1)
Saturday, 31 May 2008 — 8:00 a.m. to 1:00 p.m.(1)
Monday, 2 June 2008 — 8:00 a.m. to 8:30 p.m.(1)
Tuesday, 3 June 2008 — 8:00 a.m.(1) **to 12:00 noon**

Note (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, 29 May 2008 until 12:00 noon on Tuesday, 3 June 2008 (24 hours daily, except the last application day).

Application lists

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, 3 June 2008 except as provided in the paragraph headed "Effect of bad weather on the opening of the application lists" below.

No proceedings will be taken on applications for the Public Offer Shares and no allotment of any such Public Offer Shares will be made until the closing of the application lists. No allotment of any of the Public Offer Shares will be made later than **Friday, 27 June 2008**.

Effect of bad weather on the opening of the application lists

The application lists will not open in relation to the Hong Kong Public Offering if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on 3 June 2008. Instead, they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warning signals in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

If the application lists of the Hong Kong Public Offering do not open and close on 3 June 2008, or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong on the other dates mentioned in the section headed "Expected Timetable" in this prospectus, such dates mentioned in the section headed "Expected Timetable" in this prospectus may be affected. A press announcement will be made in such event.

5. HOW TO COMPLETE THE APPLICATION FORM

There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions your application may be rejected and returned by ordinary post together with the accompanying cheque(s) or banker's cashier order(s) to you (or the first-named applicant in the case of joint applicants) at your own risk at the address stated in the Application Form.

You should note that by signing on the Application Form:

(a) you confirm that you have only relied on the information and representations in this prospectus in making your application and will not rely on any other information and representations save as set out in any supplement to this prospectus;

(b) you agree that we, the Joint Lead Managers, the Underwriters and any of their respective directors, officers, employees, partners, agents or advisers are liable only for the information and representations contained in this prospectus and any supplement thereto;

(c) you undertake and confirm that, you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not indicated an interest for, applied for or taken up any Offer Shares under the International Offering; and

(d) you agree to disclose to our Company and/or our registrars, the receiving banker, the Joint Lead Managers and their respective advisers and agents personal data and any information which they require about you or the person(s) for whose benefit you have made the application.

In order for the **yellow** Application Forms to be valid:

You as the applicants, must complete the **yellow** Application Form as indicated below and sign on the first page of the application form. Only written signatures will be accepted.

(a) **If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):**

(i) the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box.

(b) **If the application is made by an individual CCASS Investor Participant:**

(i) the Application Form must contain the CCASS Investor Participant's name and Hong Kong Identity Card Number; and

(ii) the CCASS Investor Participant must insert its participant I.D. in the appropriate box in the Application Form.

(c) **If the application is made by a joint individual CCASS Investor Participant:**

(i) the Application Form must contain all joint CCASS Investor Participants' names and Hong Kong Identity Card Numbers; and

(ii) the participant I.D. must be inserted in the appropriate box in the Application Form.

(d) **If the application is made by a corporate CCASS Investor Participant:**

(i) the Application Form must contain the CCASS Investor Participant's name and Hong Kong Business Registration number; and

(ii) the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

Incorrect or incomplete details of the CCASS Participant or the omission or inadequacy of participant I.D. or other similar matters may render the application invalid.

If your application is made through a duly authorised attorney, we and the Joint Lead Managers as our agent may accept it at our discretion, and subject to any conditions we think fit, including evidence of the authority of your attorney. We and the Joint Lead Managers in the capacity as our agent, will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

CCASS Participants may give **electronic application instructions** to HKSCC to apply for the Public Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (https://ip.ccass.com) (using the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
2/F Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You are deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to our Company and our registrar.

Application for Public Offer Shares by HKSCC Nominees on your behalf

Where a **white** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Public Offer Shares:

(a) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **white** Application Form or this prospectus;

(b) HKSCC Nominees does the following things on behalf of each such person:

(i) agrees that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on that person's behalf or that person's CCASS Investor Participant stock account;

(ii) undertakes and agrees to accept the Public Offer Shares in respect of which that person has given **electronic application instructions** or any lesser number;

(iii) undertakes and confirms that that person has not indicated an interest for, applied for or taken up any Offer Shares under the International Offering;

(iv) (if the **electronic application instructions** are given for that person's own benefit) declares that only one set of **electronic application instructions** has been given for that person's benefit;

(v) (if that person is an agent for another person) declares that that person has only given one set of **electronic application instructions** for the benefit of that other person and that that person is duly authorised to give those instructions as that other person's agent;

(vi) understands that the above declaration will be relied upon by our Company, the Directors and the Joint Lead Managers in deciding whether or not to make any allotment of Public Offer Shares in respect of the **electronic application instructions** given by that person and that that person may be prosecuted if he makes a false declaration;

(vii) authorises our Company to place the name of HKSCC Nominees on the register of members of our Company as the holder of the Public Offer Shares allotted in respect of that person's **electronic application instructions** and to send share certificate(s) and/or refund money in accordance with the arrangements separately agreed between our Company and HKSCC;

(viii) confirms that that person has read the terms and conditions and application procedures set out in this prospectus and agrees to be bound by them;

(ix) confirms that that person has only relied on the information and representations in this prospectus in giving that person's **electronic application instructions** or instructing that person's broker or custodian to give **electronic application instructions** on that person's behalf and will not rely on any other information and representations save as set out in any supplement to this prospectus;

(x) agrees that our Company, the Joint Lead Managers, the Underwriters and any of their respective directors, officers, employees, partners, agents or advisers are liable only for the information and representations contained in this prospectus and any supplement thereto;

(xi) agrees to disclose that person's personal data to our Company, our registrar, receiving bankers, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents and any information which they may require about that person;

(xii) agrees (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees is accepted, the application cannot be rescinded for innocent misrepresentation;

(xiii) agrees that any application made by HKSCC Nominees on behalf of that person pursuant to the electronic application instructions given by that person is irrevocable before 27 June 2008, such agreement to take effect as a collateral contract with our Company and to become binding when that person gives the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before 3 June 2008 except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before 27 June 2008 if a person responsible for this prospectus under section 40 of the Hong Kong Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

(xiv) agrees that once the application of HKSCC Nominees is accepted, neither that application nor that person's **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering published by our Company;

(xv) agrees to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Public Offer Shares; and

(xvi) agrees that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the Laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the maximum offer price, and the related brokerage, the SFC transaction levy and the Hong Kong Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or the Offer Price is less than the initial price per Offer Share paid on application, refund of the application monies (in each case including brokerage, the SFC transaction levy and the Hong Kong Stock Exchange trading fee) by crediting your designated bank account;

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **white** Application Form.

Multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Minimum application amount and permitted multiples

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** in respect of a minimum of 500 Public Offer Shares. Such instructions in respect of more than 500 Public Offer Shares must be in one of the number of shares in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instruction is given will be treated as an applicant.

Section 40 of the Hong Kong Companies Ordinance

For the avoidance of doubt, we and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Hong Kong Companies Ordinance.

Personal data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, our registrar, receiving bankers, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Warning

The application of the Public Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. We, our Directors, the Joints Sponsors, the Joint Lead Managers and the Underwriters take no responsibility for the application and provide no assurance that any CCASS Participant will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their electronic application instructions to the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their electronic application instructions, they should either: (i) submit a white or yellow Application Form; or (ii) go to HKSCC's Customer Service Centre to complete an input request form for electronic application instructions before 12:00 noon on 3 June 2008.

7. HOW MANY APPLICATIONS MAY YOU MAKE

You may make more than one application for the Public Offer Shares if and only if:

(a) You are a **nominee,** in which case you may both give **electronic application instructions** to HKSCC (if you are a CCASS Participant) and lodge more than one Application Form in your own name on behalf of different beneficial owners. In the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code

for **each** beneficial owner. If you do not include this information, the application will be treated as being for your benefit; or

(b) If you are an Eligible Employee and apply on a **pink** Application Form, you may also apply on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC (if you are a CCASS Participant or act through a CCASS Clearing or Custodian Participants).

Otherwise, multiple applications are not allowed and will be rejected.

If you have made an application by giving **electronic application instructions** to HKSCC and you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

It will be a term and condition of all applications that by completing and delivering an Application Form or submitting an **electronic application instruction,** you:

- (if the application is made for your own benefit) warrant that the application made pursuant to the Application Form or **electronic application instruction** is the only application which will be made for your benefit on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC;

- (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person which confirm that this is the only application which will be made for the benefit of that other person on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC, and that you are duly authorised to sign the Application Form or give **electronic application instruction** as that other person's agent.

All of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly) on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC; or

- both apply (whether individually or jointly) on one **white** Application Form and one **yellow** Application Form or on one white or yellow Application Form and give **electronic application instructions** to HKSCC; or

- apply on one **white** or **yellow** Application Form (whether individually or jointly) or by giving **electronic application instructions** to HKSCC for more than 5,625,000 Public Offer Shares (representing 50% of the net of 12,500,000 Public Offer Shares less 1,250,000 Public Offer Shares under the **pink** Application Forms initially being offered for sale under the Public Offer) as more particularly described in the section headed "Structure of the Global Offering - The Hong Kong Public Offering"; or

- make more than one application on a pink Application Form; or

- apply on one pink Application Form for more than 1,250,000 Public Offer Shares, being 100% of the Public Offer Shares being offered to Eligible Employees on a preferential basis; or

- have indicated an interest for or have been or will be placed Offer Shares under the International Offering.

All of your applications will also be rejected as multiple applications if more than one application is made for **your benefit** (including the part of an application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and

- you exercise statutory control over that company, then the application will be treated as being made for your benefit.

"Unlisted company" means a company with no equity securities listed on the Hong Kong Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company; or
- control more than one-half of the voting power of the company; or
- hold more than one-half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

8. PUBLICATION OF RESULTS

We expect to announce the Offer Price, the level of indication of interest in the International Offering, the basis of allotment and the results of applications under the Hong Kong Public Offering on 10 June 2008 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese).

The results of allocations and the Hong Kong Identity Card/Passport/Hong Kong Business Registration number of successful applicants under the Hong Kong Public Offering will also be available at the times and date and in the manner specified below:

- On our website at www.wkmt.com.hk, the website of the Stock Exchange at www.hkex.com.hk or our Public Offer results of allocations website at www.tricor.com.hk/ipo on a 24-hour basis from 8:00 a.m. on 10 June 2008 to 12:00 midnight on 16 June 2008. The user of our Public Offer results of allocations website at www.tricor.com.hk/ipo will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its Application Form to search for his/her/its own allocation result;
- From our Public Offer allocation results telephone enquiry hotline. Applicants may find out whether or not their application has been successful and the number of Public Offer Shares allocated to them, if any, by calling 2980 1833 between 9:00 a.m. and 6:00 p.m. from 10 June 2008 to 13 June 2008 (excluding Saturday, Sunday and Public Holidays);
- Special allocation results booklets setting out the results of allocations will be available for inspection during operation hours of individual branches and sub-branches from 10 June 2008 to 12 June 2008 at all the receiving bank branches and sub-branches at the addresses set out in the paragraph headed "Where to Collect the Prospectus and White, Yellow and Pink Application Forms" above.

9. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

Full details of the circumstances in which you will not be allotted Public Offer Shares are set out in the notes attached to the Application Forms, and you should read them carefully. You should note in particular the following situations in which Public Offer Shares will not be allotted to you:

(a) **If your application is revoked:**

By completing and submitting an Application Form or submitting an **electronic application instruction** you agree that you cannot revoke your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before 27 June 2008. This agreement will take effect as a collateral contract with us, and will become binding when you lodge your application or submit your electronic application instructions to HKSCC. This collateral contract will be in consideration of our Company agreeing that we will not offer any Public Offer Shares to any person on or before 3 June 2008 except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before 27 June 2008 if a person responsible for this prospectus under section 40 of the Hong Kong Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to the prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of the prospectus as supplemented.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(b) **Full discretion of our Company, the Global Coordinator or our or their respective agents to reject or accept:**

We, the Joint Lead Managers or our or their respective agents have full discretion to reject or accept any application, or to accept only part of any application. No reasons have to be given for any rejection or acceptance.

(c) **If the allotment of Public Offer Shares is void:**

The allotment of Public Offer Shares to you or to HKSCC Nominees (if you give **electronic application instruction** to HKSCC or apply by a **yellow** Application Form) will be void if the Listing Committee of the Hong Kong Stock Exchange does not grant permission to list the Public Offer Shares either:

- within three weeks from the closing of the application lists; or
- within a longer period of up to six weeks if the Listing Committee of the Hong Kong Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

(d) **You will not receive any allotment if:**

- you make multiple applications or you are suspected to have made multiple applications;
- you or the person whose benefits you apply for have taken up or indicated an interest or applied for or received or have been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares in the International Offering. By filling in any of the Application Forms or submitting **electronic application instructions,** you agree not to apply for or indicate an interest for Offer Shares in the International Offering. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received Offer Shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have received Public Offer Shares in the Hong Kong Public Offering;
- your payment is not made correctly or you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonoured upon its first presentation;
- your Application Form is not completed in accordance with the instructions as stated in the Application Form (if you apply by an Application Form);
- the Underwriting Agreements do not become unconditional; or
- the Underwriting Agreements are terminated in accordance with their respective terms.

You should also note that you may apply for Offer Shares under the Hong Kong Public Offering or indicate an interest for Offer Shares under the International Offering, but may not do both.

10. HOW MUCH ARE THE PUBLIC OFFER SHARES

The maximum Offer Price is HK$10.20 per Public Offer Share. You must also pay brokerage of 1%, SFC transaction levy of 0.004% and Hong Kong Stock Exchange trading fee of 0.005%. This means that for every board lot of 500 Public Offer Shares, you will pay HK$5,151.46. The Application Forms have tables showing the exact amount payable for the numbers of Public Offer Shares that may be applied for.

You must pay the maximum offer price and related brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee in full when you apply for the Public Offer Shares. You must pay the amount payable upon application for Public Offer Shares by a cheque or a banker's cashier order in accordance with the terms set out in the Application Form or this prospectus.

If your application is successful, brokerage is paid to participants of the Hong Kong Stock Exchange or the Hong Kong Stock Exchange, the SFC transaction levy and Hong Kong Stock Exchange trading fee are paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy collected by the Hong Kong Stock Exchange on behalf of the SFC).

11. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND CHEQUES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the initial price per Offer Share (excluding brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee thereon) paid on application, or if the conditions of the Global Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" or if any application is revoked or any allotment pursuant thereto has become void, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee, will be refunded, without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

No temporary document of title will be issued in respect of the Public Offer Shares. No receipt will be issued for sums paid on application. Subject as mentioned below, in due course, there will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form (except as otherwise provided below for **pink** Application Forms):

(a) (i) share certificate(s) for all the Public Offer Shares applied for, if the application is wholly successful; or (ii) share certificate(s) for the number of Public Offer Shares successfully applied for, if the application is partially successful (except for wholly successful and partially successful applicants on **yellow** Application Forms whose share certificates will be deposited into CCASS as described below); and/or

(b) refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Public Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application monies, if the application is wholly unsuccessful; and/or (iii) the difference between the Offer Price and the initial price per Offer Share paid on application in the event that the Offer Price is less than the initial price per Offer Share paid on application, in each case including related brokerage at the rate of 1%, SFC transaction levy of 0.004% and Hong Kong Stock Exchange trading fee of 0.005% but without interest.

Part of your Hong Kong Identity Card number/passport number, or, if you are joint applicants, part of the Hong Kong Identity Card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong Identity Card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong Identity Card number/passport number may lead to delay in encashment of or may invalidate your refund cheque.

Subject as mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and share certificates for successful applicants under **white** Application Forms are expected to be posted on or before 10 June 2008. The right is reserved to retain any share certificates and any surplus application monies pending clearance of cheque(s).

You will receive one share certificate for all of the Public Offer Shares issued to you under the Public Offer (except pursuant to applications made on **yellow** Application Forms or by submitting electronic application instruction to HKSCC via CCASS in which cases share certificates will be deposited into CCASS).

If you apply using a white Application Form:

If you have applied for 1,000,000 Public Offer Shares or more and you have elected on your **white** Application Form to collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) in person, you may collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) from our Hong Kong branch share registrar, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on 10 June 2008. If you are an individual, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your company chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Tricor Investor Services Limited. If you do not collect your refund cheque(s) and share certificate(s) within the time period specified for collection, they will be dispatched thereafter to you by ordinary post to the address as specified in your Application Form at your own risk.

If you have applied for 1,000,000 Public Offer Shares or above and have not indicated on your application forms that you will collect your share certificate(s) and/or refund cheque(s) (if any) in person, or you have applied for less than 1,000,000 Public Offer Shares or if your application is rejected, not accepted or accepted in part only, or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" in this prospectus, or if your application is revoked or any allotment pursuant thereto has become void, your share certificate(s) (where applicable) and/or refund cheque(s) (where applicable) in respect of the application monies or the appropriate parties thereof, together with the related brokerage, Hong Kong Stock Exchange trading fee, SFC transaction levy, if any, (without interest) will be sent to the address on your Application Form on 10 June 2008 by ordinary post and at your own risk.

If you apply using a yellow Application Form:

If you apply for Public Offer Shares using a **yellow** Application Form and your application is wholly or partially successful, your share certificates will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form at the close of business on 10 June 2008, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant), for Public Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant, we expect to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on 10 June 2008. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on 10 June 2008 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your CCASS Investor Participant stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your stock account.

If you apply for 1,000,000 Public Offer Shares or more and you have elected on your **yellow** Application Form to collect your refund cheque (where applicable) in person, please follow the same instructions as those for **white** Application Form applicants as described above.

If you have applied for 1,000,000 Public Offer Shares or above and have not indicated on your application forms that you will collect your refund cheque(s) (if any) in person, or you have applied for less than 1,000,000 Public Offer Shares or if your application is rejected, not accepted or accepted in part only, or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" in this prospectus, or if your application is revoked or any allotment pursuant thereto has become void, your refund cheque(s) (where applicable) in respect of the application monies or the appropriate portion thereof, together with the related brokerage, Hong Kong Stock Exchange trading fee, SFC transaction levy, if any, (without interest) will be sent to the address on your Application Form on 10 June 2008 by ordinary post and at your own risk.

If you apply using a pink Application Form:

If you apply for Public Offer Shares using a **pink** Application Form, you may collect your share certificates and/or refund cheques (where applicable) in person from the Company Secretary, Mr KAM Koon Tong, David, at Unit 2103, 21/F, Shanghai Industrial Investment Building, 48-62 Hennessy Road, Wanchai, Hong Kong from 9:00 a.m. to 5:00 p.m. on 10 June 2008.

Deposit of share certificates into CCASS and refund of application monies

- No temporary documents of title will be issued. No receipt will be issued for application monies received.

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant stock account at the close of business on 10 June 2008 or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.

- We expect to publish the application results and the basis of allotment of the Hong Kong Public Offering in the newspapers and through the various channels as described in the paragraph headed "Publication of Results" above on 10 June 2008. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on 10 June 2008 or such other date as shall be determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in

HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on 10 June 2008. Immediately following the credit of the Public Offer Shares to your CCASS Investor Participant stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the initial price per Public Offer Share paid on application, in each case including the related brokerage of 1%, SFC transaction levy of 0.004% and Hong Kong Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on 10 June 2008. No interest will be paid thereon.

12. REFUND OF APPLICATION MONIES

If you do not receive any Public Offer Shares for any reason, we will refund your application monies, including related brokerage of 1%, SFC transaction levy of 0.004% and Hong Kong Stock Exchange trading fee of 0.005%. No interest will be paid thereon.

If your application is accepted only in part, we will refund to you the appropriate portion of your application monies (including the related brokerage of 1%, SFC transaction levy of 0.004% and Hong Kong Stock Exchange trading fee of 0.005%) without interest.

If the Offer Price as finally determined is less than the initial price per Public Offer Share (excluding brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee thereon) paid on application, we will refund to you the surplus application monies, together with the related brokerage of 1%, SFC transaction levy of 0.004% and Hong Kong Stock Exchange trading fee of 0.005%, without interest.

All such interest accrued prior to the date of dispatch of refund cheques will be retained for our benefit.

In a contingency situation involving a substantial over-application, at the discretion of us and the Joint Lead Managers, cheques for applications made on Application Forms for certain small denominations of Public Offer Shares (apart from successful applications) may not be cleared.

Refund of your application monies (if any) is expected to be made on 10 June 2008 in accordance with the various arrangements as described above.

13. COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Hong Kong Stock Exchange are expected to commence on 11 June 2008.

The Shares will be traded in board lots of 500 each. The stock code of the Shares is 67.

14. SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Hong Kong Stock Exchange grants the listing of and permission to deal in the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements will affect their rights and interests.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the reporting accountants, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong.

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

29 May 2008

The Directors
Wah Kwong Maritime Transport Holdings Limited

Anglo Chinese Corporate Finance, Limited
Cazenove Asia Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of Wah Kwong Maritime Transport Holdings Limited (the "Company") and its subsidiaries (together, as the "Group") as set out in Sections I to III below for inclusion in the prospectus of the Company dated 29 May 2008 (the "Prospectus") in connection with the initial public offering of shares of the Company and the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Financial Information comprises the combined balance sheets as at 31 March 2005, 2006 and 2007 and 31 December 2007, and the combined income statements, the combined statements of changes in equity and the combined cash flow statements for each of the years ended 31 March 2005, 2006 and 2007 and nine months ended 31 December 2006 and 2007 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory notes.

The Company was incorporated in the Cayman Islands on 4 September 2007 as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands. Pursuant to a group reorganisation (the "Reorganisation") as detailed in note 1(b) of Section II headed "Reorganisation" below, the Company became the holding company of the subsidiaries comprising the Group.

As at the date of this report, the Company has direct and indirect interests in the subsidiaries, jointly controlled entities and associated companies as set out in note 1(b) of Section II, all of which are private companies.

All subsidiaries comprising the Group have adopted 31 March as their financial year end date, while the jointly controlled entities and associated companies of the Group have adopted 31 December as their financial year end date. The financial statements of these companies were prepared in accordance with International Financial Reporting Standards ("IFRS") or Hong Kong Financial Reporting Standards ("HKFRS").

No audited financial statements have been prepared by the Company as it has not been involved in any significant business transactions since its date of incorporation other than the Reorganisation. Auditors of the subsidiaries comprising the Group, the jointly controlled entities and associated companies are as detailed in note 1(b) of Section II below.

The Financial Information has been prepared based on the audited financial statements or, where appropriate, unaudited financial statements of the Company and its subsidiaries comprising the Group, and the jointly controlled entities and associated companies of the Group, on the basis set out in note 1(c) of Section II below, after making such adjustments as are appropriate.

Responsibility of the Directors

The Directors of the Company and its subsidiaries comprising the Group during the Relevant Periods are responsible for the preparation and the true and fair presentation of the financial statements of the respective companies in accordance with IFRS or HKFRS. The Directors of the Company are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with IFRS. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements and the preparation and the true and fair presentation of Financial Information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of Reporting Accountants

For the financial information for each of the years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2007, our responsibility is to express an opinion on the financial information based on our examination and to report our opinion to you. We examined the relevant audited financial statements or, where appropriate, the relevant unaudited financial statements of the Company and its subsidiaries comprising the Group and the jointly controlled entities and associated companies for the years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2007, and carried out such procedures as are necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

For the financial information for the nine months ended 31 December 2006, it is our responsibility to form an independent conclusion, based on our review, on the financial information and to report our conclusion to you. We conducted our review on the financial information in accordance with Statement of Auditing Standard 700 "Engagements to review interim financial reports" issued by the HKICPA. A review consists principally of making enquiries of the management and applying analytical procedures to the financial information and based thereon, assessing whether

the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information for the nine months ended 31 December 2006.

Opinion and review conclusion

In our opinion, the financial information for each of the years ended 31 March 2005, 2006 and 2007 and the nine months ended 31 December 2007, for the purpose of this report and prepared on the basis set out in note 1(c) of Section II below, gives a true and fair view of the combined state of affairs of the Group as at 31 March 2005, 2006 and 2007 and 31 December 2007 and of the state of affairs of the Company as at 31 December 2007 and of the combined results and cash flows of the Group for the years and period then ended.

On the basis of our review which does not constitute an audit, for the purpose of this report and on the basis set out in note 1(c) of Section II below, we are not aware of any material modifications that should be made to the financial information for the nine months ended 31 December 2006.

I. FINANCIAL INFORMATION

(a) COMBINED INCOME STATEMENTS

	Section II Note	Year ended 31 March			Nine months ended 31 December	
		2005	**2006**	**2007**	**2006**	**2007**
		US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
Revenue	5	240,181	45,592	133,636	49,811	74,442
Cost of operations	6	(138,177)	(28,270)	(94,565)	(24,456)	(45,426)
Gross profit		102,004	17,322	39,071	25,355	29,016
Other income		126	7	104	18	292
Selling, administrative and general expenses	6	(1,165)	(382)	(581)	(462)	(754)
Operating profit		100,965	16,947	38,594	24,911	28,554
Finance income	8	53	239	833	434	628
Finance costs	9	(3,552)	(5,110)	(7,334)	(5,588)	(6,190)
Share of profits of associated companies	15	1,742	279	520	392	980
Profit before taxation		99,208	12,355	32,613	20,149	23,972
Taxation	10	—	—	—	—	—
Profit for the year/period		99,208	12,355	32,613	20,149	23,972
Distributions	12	49,985	1,730	12,798	8,376	34,028

(b) **COMBINED BALANCE SHEETS**

	Section II Note	31 March			31 December
		2005	**2006**	**2007**	**2007**
		US$'000	*US$'000*	*US$'000*	*US$'000*
ASSETS					
Non-current assets					
Motor vessels	14	168,691	195,339	191,845	277,566
Associated companies	15	1,738	287	807	1,787
		170,429	195,626	192,652	279,353
Current assets					
Vessels for sale	16	15,366	18,979	15,521	—
Trade and other receivable	17	8,169	5,724	3,783	3,178
Amounts due from fellow subsidiaries	18	38,717	33,815	36,358	1,044
Amounts due from associated companies	19	4,885	3,125	4,405	4,405
Cash and bank balances	20	2,224	8,315	13,517	25,042
		69,361	69,958	73,584	33,669
Total assets		239,790	265,584	266,236	313,022
EQUITY					
Capital and reserves					
Combined share capital	21	26	26	26	26
Combined reserves		37,693	48,318	68,133	58,077
Total equity		37,719	48,344	68,159	58,103
LIABILITIES					
Non-current liabilities					
Long-term borrowings	22	113,410	116,390	94,138	136,049
Current liabilities					
Trade and other payable	23	3,038	3,938	3,977	4,671
Advances from ultimate holding company	24	—	—	—	71,357
Advances from fellow subsidiaries	24	63,951	63,234	71,634	27,460
Amounts due to fellow subsidiaries	18	12,042	10,658	5,963	2,377
Current portion of long-term borrowings	22	9,630	23,020	22,365	13,005
		88,661	100,850	103,939	118,870
Total liabilities		202,071	217,240	198,077	254,919
Total equity and liabilities		239,790	265,584	266,236	313,022
Net current liabilities		19,300	30,892	30,355	85,201
Total assets less current liabilities		151,129	164,734	162,297	194,152

(c) **COMBINED STATEMENTS OF CHANGES IN EQUITY**

	Section II Note	**Combined share capital** *US$'000*	**Combined hedging reserve** *US$'000*	**Combined retained profit/(loss)** *US$'000*	**Total** *US$'000*
At 1 April 2004		26	137	(11,530)	(11,367)
Termination of cash flow hedges		—	(137)	—	(137)
Profit for the year		—	—	99,208	99,208
Deemed distributions	12	—	—	(32,207)	(32,207)
Dividends paid	12	—	—	(17,778)	(17,778)
At 31 March 2005		26	—	37,693	37,719
Profit for the year		—	—	12,355	12,355
Dividends paid	12	—	—	(1,730)	(1,730)
At 31 March 2006		26	—	48,318	48,344
Profit for the year		—	—	32,613	32,613
Deemed distributions	12	—	—	(4,503)	(4,503)
Dividends paid	12	—	—	(8,295)	(8,295)
At 31 March 2007		26	—	68,133	68,159
Profit for the period		—	—	23,972	23,972
Dividends paid	12	—	—	(34,028)	(34,028)
At 31 December 2007		26	—	58,077	58,103
(Unaudited)					
At 1 April 2006		26	—	48,318	48,344
Profit for the period		—	—	20,149	20,149
Deemed distribution	12	—	—	(81)	(81)
Dividends paid	12	—	—	(8,295)	(8,295)
At 31 December 2006		26	—	60,091	60,117

(d) **COMBINED CASH FLOW STATEMENTS**

	Section II Note	Year ended 31 March			Nine months ended 31 December	
		2005	**2006**	**2007**	**2006**	**2007**
		US$'000	*US$'000*	*US$'000*	*US$'000 (unaudited)*	*US$'000*
Cash flows from operating activities						
Operating profit before working capital changes	26(a)	226,293	40,913	127,345	44,944	67,547
Increase in vessels for sale		—	(88)	(31,793)	(69)	(15,784)
(Increase)/decrease in trade and other receivable		(6,789)	2,445	1,941	(4,277)	605
(Decrease)/increase in trade and other payable		(168)	900	(86)	2,052	693
Movement in balances with fellow subsidiaries		(5,820)	6,749	(2,635)	452	(5,158)
Cash generated from operations		213,516	50,919	94,772	43,102	47,903
Interest paid		(3,552)	(5,110)	(7,334)	(5,588)	(6,190)
Interest received		53	239	833	434	628
Net cash from operating activities		210,017	46,048	88,271	37,948	42,341
Cash flows from investing activities						
Net advances to associated companies		(3,055)	1,760	(1,280)	(965)	—
Dividend received from an associated company		—	1,730	—	—	—
Purchase of vessels		(122,865)	(54,139)	(49,867)	(24,174)	(93,409)
Net cash used in investing activities		(125,920)	(50,649)	(51,147)	(25,139)	(93,409)
Cash flows from financing activities						
New long-term borrowings		52,750	33,500	22,000	11,000	60,240
Repayment of long-term borrowings		(72,846)	(17,130)	(44,907)	(14,441)	(27,689)
Net advances from fellow subsidiaries		(46,651)	(3,948)	(707)	4,449	51,670
Advances from the ultimate holding company		—	—	—	—	12,400
Dividends paid		(17,778)	(1,730)	(8,295)	(8,295)	(34,028)
Net cash outflow from deemed distributions	26(b)	(575)	—	(13)	(13)	—
Net cash (used in)/from financing activities		(85,100)	10,692	(31,922)	(7,300)	62,593
Net (decrease)/increase in cash and bank balances		(1,003)	6,091	5,202	5,509	11,525
Cash and bank balances at beginning of year/period		3,227	2,224	8,315	8,315	13,517
Cash and bank balances at end of year/period		2,224	8,315	13,517	13,824	25,042

II. NOTES TO THE FINANCIAL INFORMATION

1 **Group reorganisation and basis of preparation**

(a) ***General information***

Wah Kwong Maritime Transport Holdings Limited (the "Company") was incorporated in the Cayman Islands on 4 September 2007 as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands. The address of its registered office is Walker House, 87 May Street, George Town, Grand Cayman, Cayman Islands and its principal office in Hong Kong is Unit 2103, 21st Floor, Shanghai Industrial Investment Building, 48-62 Hennessy Road, Wanchai, Hong Kong.

The Company is an investment holding company and the principal activities of the Group are shipowning and chartering, which are carried out internationally, through the operation of a fleet of bulkcarriers and tankers (the "Bulkcarriers and Tanker Businesses").

The ultimate holding company of the Company is Wah Kwong Shipping Holdings Limited ("Wah Kwong Holdings"), incorporated in Bermuda. Prior to the incorporation of the Company, Wah Kwong Holdings, through various subsidiaries, jointly controlled entities and associated companies, (collectively, the "Wah Kwong Holdings Group") operated the Bulkcarriers and Tanker Businesses and other businesses, including the operation of light petroleum gas tankers, investment holding and property development (collectively the "Other Businesses"). The Other Businesses have been managed separately from the Bulkcarriers and Tanker Businesses. For the purpose of the report, the financial information of the Other Businesses has been excluded throughout the Relevant Periods.

(b) ***Reorganisation***

In preparation for the listing of the shares of the Company on the Main Board of the Stock Exchange, the Wah Kwong Holdings Group has undergone a group reorganisation (the "Reorganisation"), pursuant to which the companies engaged in the Bulkcarriers and Tankers Businesses were transferred to the Company. The Reorganisation involved mainly the following:

(i) In October 2007, the Company acquired the entire equity interests in Kriss Investments Company ("Kriss Investments") and Rosine Holdings S.A. ("Rosine Holdings") from a fellow subsidiary at the cash consideration of US$2 each;

(ii) In November 2007, Kriss Investments and Rosine Holdings acquired the equity interests of Bridgetower Limited, Chainhurst Limited, Pacific Kingdom Holdings Limited and Wah Kwong Chartering Inc. from Wah Kwong Newbuildings Limited ("WK Newbuildings") and Venture Enterprises Corporation ("Venture Enterprises"), both fellow subsidiaries, at par value;

(iii) On 30 November 2007, WK Newbuildings and Venture Enterprises, both fellow subsidiaries, assigned the benefits of the amounts due from Wah Kwong Dockyard Limited, Wah Kwong Satellite Technology Company Limited ("Wah Kwong Satellite") and Wah Kwong Shanghai Development Company Limited, subsidiaries, of approximately US$33,637,000, and Bright Time Holdings Limited ("Bright Time"), Great Era Investment Limited ("Great Era"), Clear Mountain Shipping Limited, Ever Progress Trading Limited, New Pacific Shipping Ltd and Great Hope Enterprise Limited ("Great Hope"), jointly controlled entities, of approximately US$25,320,000, to Wah Kwong Holdings at par value;

(iv) On 1 February 2008, Kriss Investments subscribed additional shares of Wah Kwong Satellite at par value;

(v) On 31 March 2008, Kriss Investments subscribed additional shares of Bright Time, Great Era and Great Hope at par value;

(vi) On 3 April 2008, Kriss Investments and Rosine Holdings acquired the equity interests in the companies engaging in the Bulkcarriers and Tanker Businesses except those set out in (ii) above, from WK Newbuildings and Venture Enterprises at an aggregate consideration of approximately US$21,126,000 (the "Consideration for Acquisition"). On 3 April 2008, WK Newbuildings and Venture Enterprises assigned the benefit of the Consideration for Acquisition to Wah Kwong Holdings at par value;

(vii) On 3 April 2008, WK Newbuildings and Venture Enterprises assigned the benefit of the amounts due from Bradwell Shipping Company Limited and Mellor Marine Limited, subsidiaries, of approximately US$13,700,000, Komati Shipping Limited and Elegance Carriers Inc., jointly controlled entities, of approximately US$9,355,000, and Cape Asia Newbuildings Limited and Cape Asia Newbuildings (II) Limited, associated companies, of approximately US$4,405,000, to Rosine Holdings at par value. On 3 April 2008, WK Newbuildings and Venture Enterprises assigned the benefit of the amounts due from Rosine Holdings as a result of the above assignments to Wah Kwong Holdings;

(viii) In connection with the formation of the Group through the acquisition of the underlying subsidiaries, jointly controlled entities and associated companies, Wah Kwong Holdings assigns to the Company the benefit of: (a) the advances in the aggregate of approximately US$86,417,000 set out in (iii) and (vii) above; (b) the Consideration for Acquisition in the sum of approximately US$21,126,000 set out in (vi) above; and (c) net advances from Wah Kwong Holdings to the Group of approximately US$32,700,000 at par value. The aggregate consideration payable by the Company in respect of these assignments for the purpose of formation of the Group is referred to as Consideration Payable.

(ix) Part of the Consideration Payable of US$92,760,000, comprising (a) Consideration for Acquisition in the sum of approximately US$21,126,000 and (b) part of the advances set out under (viii)(a) above amounting to approximately US$71,634,000, will be settled by allotting, issuing and crediting as fully paid 374,999,900 new shares of HK$0.10 each in the Company to Wah Kwong Holdings immediately prior to the listing of the shares of the Company (note 24);

(x) The remaining Consideration Payable of approximately US$47,483,000 to Wah Kwong Holdings Group will be repaid out of the proceeds from the initial public offering of the new shares of the Company.

Upon completion of the Reorganisation and as at the date of this report, the Company has direct and indirect interests in the following subsidiaries, jointly controlled entities and associated companies:

Name of company	*Note*	**Place of operation and date of incorporation**	**Principal activities**	**Issued and paid up share capital**	**Percentage of equity interest attributable to the Group**
Subsidiaries					
Bradwell Shipping Company	(ii)	Liberia 8 October 2004	Ship owning	1 share of no par value US$1	100
Bridgetower Limited	(ii)	Hong Kong 12 June 1981	Ship owning	100 shares of HK$10 each HK$1,000	100
Buxton Investments S.A.	(i), (v)	Liberia 17 January 2008	Investment holding	1 share of no par value US$1	100

Name of company	*Note*	Place of operation and date of incorporation	Principal activities	Issued and paid up share capital	Percentage of equity interest attributable to the Group
Hua Hai (Shanghai) International Freight Forwarding Company Limited	(i)	People's Republic of China 3 April 2008	Export agency	Registered capital of US$5,000,000 Paid up capital of US$750,000	100
Kriss Investments Company	(i), (v)	Liberia 8 May 2007	Investment holding	2 shares of no par value US$2	100
Mellor Marine Limited	(ii)	Liberia 8 October 2004	Ship owning	1 share of US$1 US$1	100
Pacific Kingdom Holdings Limited	(i)	British Virgin Islands 12 October 2006	Ship owning	1 share of US$1 US$1	100
Rosine Holdings S.A.	(i), (v)	Liberia 8 May 2007	Investment holding	2 shares of no par value US$2	100
Wah Kwong Chartering Inc.	(ii)	Liberia 4 August 1964	Ship owning	500 shares of no par value US$500	100
Wah Kwong China Maritime Holdings Limited	(i)	Hong Kong 14 December 2007	Investment holding	1 shares of HK$1 HK$1	100
Wah Kwong Dockyard Limited	(ii)	Hong Kong 16 May 1989	Ship owning	2 shares of HK$1 each HK$2	100
Wah Kwong Maritime Agency Company Limited	(i), (v)	Hong Kong 9 October 2007	Shipping agency	1 share of HK$1 HK$1	100
Wah Kwong Maritime Finance Limited	(i), (v)	British Virgin Islands 8 October 2007	Treasury management	1 share of US$1 US$1	100
Wah Kwong Satellite Technology Company Limited	(ii)	Hong Kong 9 June 1992	Ship owning	20,000 shares of HK$1 each HK$20,000	100
Wah Kwong Shanghai Development Company Limited	(ii)	Hong Kong 22 April 1993	Ship owning	2 shares of HK$1 each HK$2	100

Name of company	*Note*	Place of operation and date of incorporation	Principal activities	Issued and paid up share capital	Percentage of equity interest attributable to the Group
Jointly controlled entities					
Belvedere Capital Trading Ltd	(i)	British Virgin Islands 26 October 2006	Ship owning	2 shares of US$1 each US$2	50
Bright Time Holdings Limited	(iii)	Hong Kong 5 September 2003	Ship owning	400 shares of HK$1 each HK$400	50
Chainhurst Limited	(ii)	Hong Kong 22 June 1982	Ship owning	100 shares of HK$10 each HK$1,000	50
Clear Mountain Shipping Limited	(ii)	Hong Kong 20 October 1997	Ship owning	100 shares of HK$10 each HK$1,000	50
Elegance Carriers, Inc.	(iii)	Liberia 16 January 1973	Ship owning	1,000 shares of no par value US$1,000	50
Ever Progress Trading Limited	(ii)	Hong Kong 18 May 1993	Ship owning	2 shares of HK$1 each HK$2	50
Great Era Investment Limited	(iii)	Hong Kong 15 November 2002	Ship owning	400 shares of HK$1 each HK$400	50
Great Hope Enterprises Limited	(iii)	Hong Kong 8 January 2003	Ship owning	400 shares of HK$1 each HK$400	50
Komati Shipping Limited	(iii)	Liberia 8 December 1993	Ship owning	500 shares of no par value US$50,000	50
New Pacific Shipping Limited	(i)	Hong Kong 4 July 2006	Ship owning	2 shares of HK$1 each HK$2	50
Regal Land International Limited	(i)	Hong Kong 23 October 2006	Ship owning	2 shares of HK$1 each HK$2	50
Winyield Investments Limited	(i)	Hong Kong 2 October 2007	Ship owning	2 shares of HK$1 each HK$2	50

Name of company	*Note*	Place of operation and date of incorporation	Principal activities	Issued and paid up share capital	Percentage of equity interest attributable to the Group
Associated companies					
Cape Asia Newbuildings Limited	(iv)	Marshall Islands 26 May 2003	Ship owning	300 share of US$1 each US$300	16.7
Cape Asia Newbuildings (II) Limited	(iv)	Marshall Islands 29 October 2003	Ship owning	300 share of US$1 each US$300	16.7

(i) No audited financial statements have been prepared for these companies since incorporation as they were newly incorporated and have not commenced any business.

(ii) The financial statements for each of the years ended 31 March 2005, 2006 and 2007 were audited by PricewaterhouseCoopers.

(iii) The financial statements for each of the years ended 31 December 2004, 2005 and 2006 were audited by PricewaterhouseCoopers.

(iv) The financial statements for each of the years ended 31 December 2004, 2005 and 2006 were audited by Wong Brothers & Co., Certified Public Accountants.

(v) Equity interests directly held by the Company.

(c) ***Basis of preparation***

As the Wah Kwong Holdings Group owned or controlled the Bulkcarriers and Tanker Businesses before the Reorganisation and continues to control the Group after the Reorganisation, the Reorganisation is considered as a business combination under common control and is accounted for using a manner similar to pooling-of-interests.

For the purpose of this report, the combined financial statements of the Group have been prepared on a basis in accordance with the principles of the Auditing Guidelines 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA. The combined income statements, combined statements of changes in equity and combined cash flow statements of the Group for the Relevant Periods have been prepared, using the financial information of the companies comprising the Group, as if the current group structure had been in existence throughout the Relevant Periods, or since their respective dates of incorporation, whichever is a shorter period. For companies disposed during the Relevant Periods, they are included in the combined financial statements up to their respective dates of disposal. The combined balance sheets of the Group as at 31 March 2005, 2006, 2007 and 31 December 2007 have been prepared to present the assets and liabilities of the companies comprising the Group as at these dates, as if the current group structure had been in existence at these dates.

Although the equity interest in Corwen Limited, Croxford Limited, Fertility Development Company Limited, Oceanic Star (HK) Limited, Olivier Shipping Limited, Ranch Investments Limited, Sunny Dene Enterprises Limited and Super Venture International Limited (the "Excluded Companies") were not transferred to the Group pursuant to the Reorganisation, their operating results for the Relevant Periods and their financial positions as at the respective balance sheet dates have been

included, for the purpose of this report, in the Financial Information up to the date of when relevant vessels were disposed, because the Excluded Companies were involved in the Bulkcarrier and Tanker businesses during the Relevant Periods and were under common control and management with other companies comprising the Group. The assets and liabilities held by the Excluded Companies were treated as deemed distributions to their respective equity holders at the time when the related vessels were disposed of during the Relevant Periods (note 12).

2 **Summary of significant accounting policies**

The Financial Information has been prepared under the historical cost convention and in accordance with IFRS.

The Company has not prepared any financial statements prior to the Relevant Periods since the Company was newly incorporated on 4 September 2007. Accordingly, no reconciliation of the equity and profits of the Group under IFRS is presented.

The preparation of Financial Information in conformity with IFRS requires the use of certain estimates and assumptions. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in note 4 below.

The Group has adopted throughout the Relevant Periods all the new and revised IFRS that are currently in use and effective for accounting periods commencing on or after 1 April 2007.

The following new standards and interpretations have been issued but are not yet effective for the Relevant Periods and have not been early adopted by the Group:

(i) IAS 1 "Presentation of Financial Statements" (revised), effective for accounting periods beginning on or after 1 January 2009. Management is currently assessing the impact on the presentation of the financial statements of the Group.

(ii) IAS1 and IAS 32 amendments "Puttable Financial Instruments and Obligations Arising on Liquidation", effective for accounting periods beginning on or after 1 January 2009. Management does not expect the new standard to have significant impact on the presentation of the financial statements of the Group.

(iii) IAS 23 "Borrowings Costs" (revised), effective for accounting periods beginning on or after 1 January 2009. Management does not expect the new standard to have significant impact to its results of operation and financial position as the accounting policy of the Group is consistent with the requirements of the revised standard.

(iv) IAS 27 "Separate and Consolidated Financial Statements" (revised), effective for accounting periods beginning on or after 1 July 2009. Management does not expect the new standard to have significant impact to its results of operation and financial position as the accounting policy of the Group is consistent with the requirements of the revised standard.

(v) IFRS 3 "Business Combination" (revised), effective for accounting periods beginning on or after 1 July 2009. Management does not expect the new standard to have significant impact to its results of operation and financial position.

(vi) IFRS 8 "Operating Segments", effective for accounting periods beginning on or after 1 January 2009. The Group is assessing the impact of this accounting standard but does not expect this standard to have any significant effect to its financial statements.

(vii) IFRIC-Int 12 "Service Concession Arrangements", effective for annual periods beginning on or after 1 January 2008. Management does not expect the interpretation to be relevant to the Group.

(viii) IFRIC-Int 13, "Customer Loyalty Programmes", effective for accounting periods beginning on or after 1 July 2008. Management does not expect the adoption of this interpretation to be relevant for the Group.

(ix) IFRIC-Int 14 "IAS19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction", effective for accounting periods beginning on or after 1 January 2008. Management does not expect the adoption of this interpretation to be relevant for the Group.

The principal accounting policies adopted for the preparation of the Financial Information, which have been consistently applied throughout the Relevant Periods, are set out below.

(a) ***Group accounting***

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group, other than business combinations under common control including the Reorganisation as set out in note 1(b) above. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the share of the identifiable net assets acquired by the Group is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

(b) ***Subsidiaries***

Subsidiaries are all entities, including special purpose entities, over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Profits or losses on disposal of subsidiaries are determined as the difference between the net disposal proceeds and the carrying amounts of the net assets at the date of disposal.

(c) ***Jointly controlled entities***

A jointly controlled entity is a company in respect of which a contractual arrangement is established between the participating venturers and whereby the Group together with the venturers undertake an economic activity which is subject to joint control and none of the venturers has unilateral control over the economic activity. The interests in jointly controlled entities are accounted for using the proportionate consolidation under which the share of individual assets and liabilities, income and expenses and cash flows of the jointly controlled entities is included in the relevant components of the Financial Information.

(d) ***Associated companies***

Associated companies are entities, not being a subsidiary or a jointly controlled entity, over which equity interests are held for the long term and significant influence but not control or joint control is exercised in its management generally accompanying a shareholding of between 20% and 50% of voting rights. Investments in associated companies are initially recognised at cost and are accounted for under the equity method of accounting. The investments in associated companies of the Group include goodwill, net of any accumulated impairment loss, identified on acquisition.

The share of post-acquisition profits or losses of associated companies attributable to the Group is recognised in the income statement, and the share of post-acquisition movements in reserves is recognised in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investments. When the share of losses of the Group in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivable, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the interest in the associated companies held by the Group. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(e) ***Motor vessels***

Motor vessels are stated at historical cost less accumulated depreciation and provision for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to income statement during the financial period in which they are incurred.

No depreciation is provided for vessels under construction. Depreciation of operating vessel is calculated, using the straight-line method, to allocate the cost of the assets to their estimated residual values over their estimated useful lives of twenty years.

Upon acquisition of a vessel, the components of the vessel which are required to be replaced at the next dry-docking are identified and their costs are depreciated over the period to the next estimated dry-docking cycle, usually ranging from three to five years. Costs incurred on subsequent dry-docking of vessels are capitalised and depreciated over the period to the next estimated dry-docking cycle. Where a dry-docking takes place prior to the expiry of the estimated cycle, the remaining costs of the previous dry-docking are written off immediately.

The residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying amounts of assets are reviewed regularly. Where the estimated recoverable amounts have declined below their carrying amounts, the carrying amounts are written down to their estimated recoverable amounts.

Motor vessels which are subject to sale yet to be completed are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use.

(f) ***Trade and other receivable***

Trade and other receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, which is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivable. Significant financial difficulties of the

debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount of the assets and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(g) ***Impairment of non-financial assets***

Non-financial assets that have an indefinite useful life are not subject to amortisation, but are tested at least annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Non-financial assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of an asset less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(h) ***Provisions***

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligations, and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, before any tax effects, that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(i) ***Current and deferred taxation***

Current taxation is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and associated companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be payable to the tax authorities.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred taxation is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred taxation asset is realised or the deferred taxation liability is settled.

Deferred taxation assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, jointly controlled entities and associated companies, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(j) ***Borrowings***

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the issue of a financial liability, including fees and commissions to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

(k) ***Cash and cash equivalents***

Cash and cash equivalents comprise cash in hand and at bank, deposits held at call, or within three months from the date of placement from banks and financial institutions.

(l) ***Derivative financial instruments***

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the financial risk being hedged. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or affirm commitments ("fair value hedge"), hedges of highly probable forecast transactions ("cash flow hedge"), or hedges of net investments in foreign operations.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged financial risk, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

Changes in fair values of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged financial risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged financial risk will affect profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

(m) ***Revenue and income recognition***

Revenue comprises the fair value of the consideration for the rendering of services and sales of goods in the ordinary course of activities of the Group and is recognised when the amount can be reliably measured; it is probable that future economic benefits will flow to the Group and specific criteria for each of the activities have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the activity have been resolved. Revenue is shown net of value added tax, returns, rebates and discounts, allowances for credit and other revenue reducing factors.

Revenue from ship chartering is recognised on a straight line basis over the hire period while other incidental income is recognised when earned. Sale of vessels is recognised upon the completion of the sale and purchase agreement when legal title is transferred to the purchaser. Interest income is recognised on a time proportion basis using the effective interest method, taking into account the principal amounts outstanding and the interest rates applicable. Dividend income is recognised when the right to receive payment is certain.

(n) ***Borrowing costs***

Interest and related costs on borrowings directly attributable to the acquisition, construction or production of an asset that necessary takes a substantial period of time to complete and prepare the asset for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are charged to the income statement in the financial period in which they are incurred.

(o) ***Vessel repairs and surveys***

Annual surveys, voyage repairs and special surveys expenses are charged to the income statement as they are incurred.

(p) ***Operating leases***

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Payments made under operating leases, net of incentives received from the lessors, are charged to the income statement on a straight line basis over the periods of the leases.

(q) ***Employee benefits***

Contributions under the defined contribution retirement schemes, the assets of which are held separately from those of the Group in independently administered funds, are charged to the income statement in the financial period to which the contributions relate.

Employee entitlements to annual and long service leaves are recognised when they accrue to employees. A provision is made for the estimated liability for annual and long service leaves as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick and maternity leaves are not recognised until the time of leave.

Provision for bonus plans due wholly within twelve months after balance sheet date are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the estimates of the number of

options that are expected to become exercisable will be revised. The impact of the revision of the original estimates, if any, is recognised in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs for the share options granted are credited to share capital, at nominal value, and share premium when the options are exercised.

(r) ***Foreign currency translation***

Transactions included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Financial Information is presented in United States dollar, which is the functional and presentation currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange rates ruling at the balance sheet date are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the exchange rate ruling at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates; and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

(s) **Dividend distribution**

Dividend distribution to the equity holders is recognised as a liability in the financial statements in the financial period in which the dividend payable becomes legal obligations.

(t) **Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

3 **Financial risk management**

(a) ***Financial risk factors***

The activities of the Group expose it to a variety of financial risks, including foreign exchange risk, price risk, credit risk, liquidity risk and cash flow interest-rate risk. The overall risk management programme of the Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Financial risk management is carried out by the treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close co-operation with the operating units. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest-rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity. The Group occasionally uses derivative financial instruments to hedge certain risk exposures.

(i) *Foreign exchange risk*

The Group operates internationally and is exposed to foreign exchange risk from various currency exposures with respect to United States dollar, such as Renminbi and Japanese Yen. The Group has no significant foreign exchange risk as its revenue, cost of operations and majority of financial assets and liabilities are principally denominated in United States dollar. Accordingly, foreign exchange risk mainly arises from future commercial transactions and commitments arising from certain ship building contracts.

To manage the foreign exchange risk arising from future commercial transactions, recognised assets and liabilities, the Group occasionally uses forward contracts to hedge against certain currency exposures. The finance department is responsible for managing the net position in each foreign currency and the use of forward contracts as appropriate.

(ii) *Price risk*

The Group is not exposed to commodity price risk.

(iii) *Credit risk*

The Group has no significant concentrations of credit risk as it is the practice of the Group and of the shipping industry to require charterhire income to be paid 15 days in advance. It has policies in place to ensure that sales and services are made to customers and advances made to fellow subsidiaries and associated companies with an appropriate credit history. Cash and bank balances are placed with quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

(iv) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the treasury department aims to maintain flexibility in funding by keeping committed credit lines available and keeping sufficient cash and cash equivalents.

An analysis of the financial liabilities of the Group that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date, at the contractual undiscounted cash flows and amounts due within twelve months equal their carrying amounts as the impact of discounting is not significant, is set out below.

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	US$'000	*US$'000*	*US$'000*	*US$'000*
31 December 2007				
Bank borrowings	21,406	37,274	73,496	49,041
Trade and other payable	4,671	—	—	—
Related companies	101,194	—	—	—
31 March 2007				
Bank borrowings	31,031	18,841	48,520	56,804
Trade and other payable	3,977	—	—	—
Related companies	77,597	—	—	—
31 March 2006				
Bank borrowings	30,950	29,798	49,110	71,132
Trade and other payable	3,938	—	—	—
Related companies	73,892	—	—	—
31 March 2005				
Bank borrowings	16,228	25,879	52,592	65,470
Trade and other payable	3,038	—	—	—
Related companies	75,993	—	—	—

(v) *Cash flow interest rate risk*

As the Group has no significant interest bearing assets, other than bank deposits and cash equivalents, the income and operating cash flows are substantially independent of changes in market interest rates.

The interest rate risk of the Group arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group raises all of the long-term borrowings at floating rates.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest bearing positions.

Based on the simulations performed, the impact on profit or loss of a shift of 100 basis-points would increase or decrease profit of US$721,000, US$944,000, US$1,074,000 and US$777,000 for the year ended 31 March 2005, 2006 and 2007 and nine months ended 31 December 2007, respectively.

(b) ***Capital risk management***

The objectives of the Group when managing capital is to safeguard the ability of the Group to continue as a going concern in order to provide returns for equity holders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity holders, return capital to equity holders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the overall gearing ratio of the Group. This ratio is calculated as net debt divided by capital employed. Net debt is calculated as borrowings from financial institutions less cash and bank balances. Capital employed represents the aggregate of equity and net debt.

During the Relevant Periods, the gearing ratios as at 31 March 2005, 2006 and 2007 and at 31 December 2007 were as follows:

		31 March		31 December
	2005	**2006**	**2007**	**2007**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Borrowings	123,040	139,410	116,503	149,054
Less cash and bank balances	(2,224)	(8,315)	(13,517)	(25,042)
Net debt	120,816	131,095	102,986	124,012
Equity	37,719	48,344	68,159	58,103
Capital employed	158,535	179,439	171,145	182,115
Gearing ratio	76%	73%	60%	68%

(c) ***Fair value estimation***

The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

The fair values of receivable and payable are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities. The fair values of financial assets and liabilities are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 **Critical accounting estimates and judgements**

Estimates and judgements used in the preparation of the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the Group are discussed below.

(a) ***Impairment of assets***

The Group tests at least annually whether assets that have indefinite useful lives have suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amounts of assets or cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates, such as discount rates, future profitability, growth rates and estimation of future returns.

(b) ***Motor vessels***

Management determines the estimated useful lives and residual values for the motor vessels of the Group. Management will revise the depreciation charge where the useful lives and residual values are different to previously estimated, or it will write down technically obsolete or non-strategy assets that have been abandoned or sold.

The carrying amount of motor vessels would be US$715,000 lower or US$637,000 higher where the useful lives of the motor vessel differ by 10% from the estimation made by management. The carrying amount of motor vessels would be US$181,000 lower or US$181,000 higher where the residual values of the motor vessel differ by 10% from the estimation made by management.

5 **Revenue and segment information**

	Year ended 31 March			Nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(unaudited)	
Bulkcarriers					
Charterhire	14,732	2,938	9,829	7,654	19,635
Sale of vessels	169,282	—	19,800	19,800	—
	184,014	2,938	29,629	27,454	19,635
Tankers					
Charterhire	20,367	24,512	28,562	22,357	18,807
Sale of vessels	35,800	18,142	75,445	—	36,000
	56,167	42,654	104,007	22,357	54,807
	240,181	45,592	133,636	49,811	74,442

Revenue represents charterhire income and proceed from sale of vessels.

The Group is organised on a worldwide basis into the segments of bulkcarriers and tankers.

Segment assets consist primarily of motor vessels, trade and other receivable and amounts due from fellow subsidiaries and associated companies. Segment liabilities comprise trade and other payable and amounts due to fellow subsidiaries and associated companies. There are no sales or trading transactions between the business segments.

No segment analysis for geographical segment is presented as the nature of the provision of shipping services are carried out internationally, and the way in which costs are allocated, precludes a meaningful allocation of operating profit to specific geographical segments.

The segment results and financial positions for the years ended 31 March 2005, 2006 and 2007 and nine months ended 31 December 2006 and 2007 are set out as follows:

	Year ended and as at 31 March 2005			
	Bulkcarriers	**Tankers**	**Unallocated**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Revenue	184,014	56,167	—	240,181
Segment results	83,392	17,730	(157)	100,965
Finance income	28	21	4	53
Finance costs	(1,064)	(2,488)	—	(3,552)
Share of profits of associated companies	1,742	—	—	1,742
Profit for the year				99,208
Segment assets	50,981	186,797	274	238,052
Associated companies	1,738	—	—	1,738
Total assets				239,790
Segment liabilities	32,032	169,527	512	202,071
Total liabilities				202,071
Capital expenditure	56,109	66,756	—	122,865
Depreciation	3,655	5,332	—	8,987

	Year ended and as at 31 March 2006			
	Bulkcarriers	**Tankers**	**Unallocated**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Revenue	2,938	42,654	—	45,592
Segment results	2,121	14,833	(7)	16,947
Finance income	22	208	9	239
Financial costs	(439)	(4,671)	—	(5,110)
Share of profits of associated companies	279	—	—	279
Profit for the year				12,355
Segment assets	69,399	195,457	441	265,297
Associated companies	287	—	—	287
Total assets				265,584
Segment liabilities	48,747	167,821	672	217,240
Total liabilities				217,240
Capital expenditure	25,641	28,498	—	54,139
Depreciation	531	7,898	—	8,429

	Year ended and as at 31 March 2007			
	Bulkcarriers	**Tankers**	**Unallocated**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Revenue	29,629	104,007	—	133,636
Segment results	12,726	25,872	(4)	38,594
Finance income	222	366	245	833
Financial costs	(1,667)	(5,667)	—	(7,334)
Share of profits of associated companies	520	—	—	520
Profit for the year				32,613
Segment assets	92,054	172,926	449	265,429
Associated companies	807	—	—	807
Total assets				266,236
Segment liabilities	65,895	131,515	667	198,077
Total liabilities				198,077
Capital expenditure	34,004	15,863	—	49,867
Depreciation	1,613	6,270	—	7,883

	Period ended and as at 31 December 2007			
	Bulkcarriers	**Tankers**	**Unallocated**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Revenue	19,635	54,807	—	74,442
Segment results	14,372	14,411	(229)	28,554
Finance income	333	208	87	628
Finance costs	(2,585)	(3,605)		(6,190)
Share of profits of associated companies	980	—	—	980
Profit for the period				23,972
Segment assets	168,905	141,472	858	311,235
Associated companies	1,787	—	—	1,787
Total assets				313,022
Segment liabilities	149,764	104,101	1,054	254,919
Total liabilities				254,919
Capital expenditure	93,409	—	—	93,409
Depreciation	2,798	4,890	—	7,688

	Period ended 31 December 2006 *(unaudited)*			
	Bulkcarriers	**Tankers**	**Unallocated**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Revenue	27,454	22,357	—	49,811
Segment results	11,295	13,650	(34)	24,911
Finance income	149	216	69	434
Finance costs	(1,250)	(4,338)		(5,588)
Share of profits of associated companies	392	—	—	392
Profit for the period				20,149
Capital expenditure	24,148	26	—	24,174
Depreciation	1,175	4,668	—	5,843

6 **Expenses by nature**

	Year ended 31 March			Nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Cost of vessels sold	116,341	15,537	80,868	14,190	31,305
Depreciation	8,987	8,429	7,883	5,843	7,688
Compensation to charterer for early termination	6,500	—	—	—	—
Crew wages	1,865	1,368	2,081	1,348	2,091
Insurance premium	1,207	1,141	1,275	937	1,226
Repair and maintenance	728	319	477	376	609
Lubricant	447	564	799	545	955
Others	2,102	912	1,182	1,217	1,552
Cost of operations	138,177	28,270	94,565	24,456	45,426
Ship management fee	585	276	398	284	419
Consultancy fee	—	—	—	—	177
Auditors' remuneration	33	18	23	16	20
Operating lease rental expenses	—	—	—	—	12
Others	547	88	160	162	126
Selling, administrative and general expenses	1,165	382	581	462	754
Total cost of operations and selling, administrative and general expenses	139,342	28,652	95,146	24,918	46,180

7 **Emoluments of Directors and senior management**

The Directors of the Company did not receive any fees or other emoluments in respect of their services rendered to the Group during the Relevant Periods. The Directors represents key management personnel of the Company having authority and responsibility for the planning, directing and controlling the activities of the Group.

The remuneration of senior management during the Relevant Periods has been borne by the ultimate holding company and fellow subsidiaries.

8 **Finance income**

	Year ended 31 March			Nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(unaudited)	
Bank interest	53	239	833	434	628

9 **Finance costs**

	Year ended 31 March			Nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(unaudited)	
Interest on borrowings					
Wholly repayable within five years	1,064	—	2,713	2,093	1,838
Not wholly repayable within five years	2,488	5,110	4,621	3,495	4,352
	3,552	5,110	7,334	5,588	6,190

10 **Taxation**

No provision for Hong Kong profits tax has been made as the Group does not have any assessable profit during the Relevant Periods. The taxation on the profit for the year/period differs from the theoretical amount that would arise using the applicable tax rate of 17.5% during the Relevant Periods as follows:

	Year ended 31 March			Nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(unaudited)	
Profit for the year/period	99,208	12,355	32,613	20,149	23,972
Share of results of associated companies	(1,742)	(279)	(520)	(392)	(980)
	97,466	12,076	32,093	19,757	22,992
Tax calculated at 17.5%	17,057	2,114	5,616	3,457	4,024
Income not subject to taxation	(20,510)	(5,303)	(9,417)	(8,796)	(7,710)
Expenses not deductible for taxation purposes	3,453	3,189	3,801	5,339	3,686
Taxation charge	—	—	—	—	—

Income not subject to taxation includes charterhire income, profit on disposal of motor vessels and bank interest income.

11 **Loss attributable to the equity holders of the Company**

No profit is attributable to equity holders of the Company for the years ended 31 March 2005, 2006, 2007 and the nine months period ended 31 December 2006, respectively. The loss attributable to equity holders is dealt with in the financial statements of the Company to the extent of US$183,000 from 4 September 2007 (date of incorporation) to 31 December 2007.

12 **Distributions**

	Year ended 31 March			Nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(unaudited)	
Dividends *(note a)*					
Interim paid	17,778	1,730	8,295	8,295	34,028
Deemed distributions *(note b)*					
Disposal of subsidiaries	31,898	—	—	—	—
Disposal of jointly controlled entities	309	—	4,503	81	—
	32,207	—	4,503	81	—
	49,985	1,730	12,798	8,376	34,028

(a) No dividend has been paid or declared by the Company since its incorporation. Dividends paid during the Relevant Periods represented dividends declared by the subsidiaries, jointly controlled entities and an associated company of the Company to their then respective equity holders. The rates of dividend and the number of shares ranking for dividends are not presented as such information is not meaningful having regard to the purpose of this report.

(b) The deemed distributions represent the net assets of certain subsidiaries and jointly controlled entities upon disposal of the vessels, which were involved in the Bulkcarrier and Tanker businesses and had disposed of their related vessels during the Relevant Periods, and therefore are not included in the Group after the Reorganisation and being treated as deemed distributions to their then respective equity holders at their respective date of disposal. The following is the combined financial position and results of operation of the Excluded Companies that are included in the Financial Information.

(i) ***Net assets distributed***

	31 March			31 December
	2005	**2006**	**2007**	**2007**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Motor vessels	5,048	4,391	—	—
Vessels for sale	—	3,527	—	—
Cash and bank balances	575		13	—
Trade and other receivable	527	26	—	—
Amounts due from fellow subsidiaries	31,718	3	84	—
Advances to shareholders	—	—	4,420	—
Amounts due to fellow subsidiaries	(46)	(49)	—	—
Advances from shareholders	(5,048)	(7,888)	—	—
Trade and other payable	(568)	(13)	(15)	—
Net assets distributed	32,206	(3)	4,502	—

(ii) ***Results of operation***

	Year ended 31 March			Nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(unaudited)	
Revenue	131,079	—	59,831	20,386	—
Cost of operations	(72,163)	—	(49,722)	(14,439)	—
Other income	70	—	244	13	—
Administrative expenses	(385)	(1)	(20)	(50)	—
Finance costs	(760)	—	(136)	(136)	—
Profit for the year/period	57,841	(1)	10,197	5,774	—

13 **Earnings per share**

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results for the Relevant Periods on a combined basis as disclosed in note 1(c) above.

14 **Motor vessels**

	Operating vessels *US$'000*	**Vessels under construction** *US$'000*	**Total** *US$'000*
Cost			
At 1 April 2004	178,459	39,672	218,131
Additions	—	122,865	122,865
Transfer	111,820	(111,820)	—
Transfer to vessels for sale	—	(15,366)	(15,366)
Disposals	(148,611)	—	(148,611)
At 31 March 2005	141,668	35,351	177,019
Additions	—	54,139	54,139
Transfer	56,521	(56,521)	—
Transfer to vessels for sale	—	(3,525)	(3,525)
Disposals	(15,537)	—	(15,537)
At 31 March 2006	182,652	29,444	212,096
Additions	—	49,867	49,867
Transfer	59,904	(59,904)	—
Disposals	(45,617)	—	(45,617)
At 31 March 2007	196,939	19,407	216,346
Additions	—	93,409	93,409
Transfer	56,399	(56,399)	—
At 31 December 2007	253,338	56,417	309,755
Accumulated depreciation			
At 1 April 2004	31,611	—	31,611
Charge for the year	8,987	—	8,987
Disposals	(32,270)	—	(32,270)
At 31 March 2005	8,328	—	8,328
Charge for the year	8,429	—	8,429
At 31 March 2006	16,757	—	16,757
Charge for the year	7,883	—	7,883
Disposals	(139)	—	(139)
At 31 March 2007	24,501	—	24,501
Charge for the period	7,688	—	7,688
At 31 December 2007	32,189	—	32,189
Net book amount			
At 31 March 2005	133,340	35,351	168,691
At 31 March 2006	165,895	29,444	195,339
At 31 March 2007	172,438	19,407	191,845
At 31 December 2007	221,149	56,417	277,566

(a) As of 31 March 2005, 2006, 2007 and 31 December 2007, bank loans were secured by certain vessels with net book value of US$148,701,000, US$181,318,000, US$172,438,000 and US$221,149,000, respectively.

(b) No interest cost was capitalised during the Relevant Periods as part of vessels under construction.

15 **Associated companies**

	31 March			31 December
	2005	**2006**	**2007**	**2007**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Share of net assets	1,738	287	807	1,787
Unlisted investments, at cost	—	—	—	—

The Company exercises significant influence on the operational and financial decisions of these companies, and therefore classified the investments as associated companies.

Details of the interests in the associates, all of which are unlisted, are as follows:

Name	**Assets**	**Liabilities**	**Revenue**	**Profit**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Year ended 31 March 2005				
Cape Asia Newbuildings Limited	6,121	(4,382)	—	1,742
Cape Asia Newbuildings (II) Limited (a)	650	(651)	—	—
	6,771	(5,033)	—	1,742
Year ended 31 March 2006				
Cape Asia Newbuildings Limited	8,363	(8,075)	762	279
Cape Asia Newbuildings (II) Limited (a)	649	(650)	—	—
	9,012	(8,725)	762	279
Year ended 31 March 2007				
Cape Asia Newbuildings Limited	8,147	(7,330)	1,479	528
Cape Asia Newbuildings (II) Limited (a)	6,636	(6,646)	—	(8)
	14,783	(13,976)	1,479	520
Period ended 31 December 2007				
Cape Asia Newbuildings Limited	8,131	(6,912)	1,175	404
Cape Asia Newbuildings (II) Limited (a)	6,573	(6,005)	1,222	576
	14,704	(12,917)	2,397	980

(a) The shares in Cape Asia Newbuildings (II) Limited have been pledged as security for the bank loan of this associated company.

16 **Vessels for sale**

The amounts represent one, two, one and nil vessel held for sale at 31 March 2005, 2006 and 2007 and at 31 December 2007, on which the Group has entered into certain memoranda of agreements to dispose of these vessels and pending for delivery to buyers, completion of which upon delivery of the vessels.

As of 31 March 2005, 2006 and 2007, bank loans were secured by certain vessels for sale with net book value of US$15,366,000, US$15,452,000 and US$15,521,000, respectively.

17 **Trade and other receivable**

	31 March			31 December
	2005	**2006**	**2007**	**2007**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade receivable	6,497	2,561	875	815
Prepayments and deposits	321	633	676	1,545
Other receivable	1,351	2,530	2,232	818
	8,169	5,724	3,783	3,178

The Group does not grant any credit terms to its customers and trade receivable has not yet due for payment at each of the balance sheet date as charterhire are mainly received in advance.

There is no concentration of credit risk with respect to trade receivable, as charterhire is usually collected in advance and sale of vessels are settled before the transfer of legal titles. In addition, the Group has policies in place to select charterers with appropriate credit history and reputation.

Trade and other receivable are mainly denominated in United States dollar and their fair values approximate their carrying amounts.

18 **Amounts due from/(to) fellow subsidiaries**

	31 March			31 December
	2005	**2006**	**2007**	**2007**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade receivable				
Venture Shipping (Managers) Limited	60	521	903	1,012
Non-trade receivable				
Heathview Investments Limited	38,657	30,692	35,455	32
Wah Kwong Newbuildings Limited	—	2,602	—	—
	38,717	33,815	36,358	1,044
Trade payable				
Venture Shipping (Managers) Limited	(7,790)	(3,124)	(389)	(93)
Non-trade payable				
Heathview Investments Limited	(4,252)	(7,534)	(5,574)	(2,284)
	(12,042)	(10,658)	(5,963)	(2,377)

The amounts receivable and payable are denominated in United States dollar, unsecured, interest free, have no fixed terms of repayment and their fair values approximate their carrying amounts.

19 **Amounts due from associated companies**

The amounts receivable are non-trade in nature, denominated in United States dollar, unsecured, interest free, have no fixed terms of repayment and their fair values approximate their carrying amounts.

20 **Cash and bank balances**

		31 March		31 December
	2005	2006	2007	2007
	US$'000	*US$'000*	*US$'000*	*US$'000*
Cash in hand and at bank	1,900	3,237	3,364	3,745
Short-term bank deposits	324	5,078	10,153	21,297
	2,224	8,315	13,517	25,042

The effective interest rates of the short-term bank deposits are 2.54%, 4.51%, 5.20% and 4.64% per annum and these deposits have an average maturity of 35 days, 8 days, 21 days and 20 days as at 31 March 2005, 2006 and 2007 and 31 December 2007, respectively. The cash and bank balances are mainly denominated in United States dollar.

21 **Combined share capital**

Since the Reorganisation has not been completed prior to 31 December 2007, the combined capital, for the purpose of this report, presented in the combined balance sheets as at 31 March 2005, 2006 and 2007 and 31 December 2007 represents the combined share capital of the companies comprising the Group and the proportionate share of the capital of the jointly controlled entities by the Group as at the respective balance sheet dates.

22 **Borrowings**

		31 March		31 December
	2005	2006	2007	2007
	US$'000	*US$'000*	*US$'000*	*US$'000*
Long-term bank loans, secured				
Wholly repayable within five years	27,540	26,010	50,521	53,138
Not wholly repayable within five years	95,500	113,400	65,982	95,916
	123,040	139,410	116,503	149,054
Current portion included in current liabilities	(9,630)	(23,020)	(22,365)	(13,005)
Non-current borrowings	113,410	116,390	94,138	136,049

(a) The borrowings are repayable in the following years/period:

	31 March			31 December
	2005	2006	2007	2007
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within one year	9,630	23,020	22,365	13,005
In the second year	19,370	21,590	10,125	30,205
In the third to fifth year	33,390	28,050	30,375	59,328
After the fifth year	60,650	66,750	53,638	46,516
	123,040	139,410	116,503	149,054

(b) The borrowings are secured, inter alia, by the following:

(i) first legal mortgages over the vessels of the Group (notes 14 and 16);

(ii) assignments of the earnings, requisition compensation and insurance relating to these vessels;

(iii) corporate guarantees by Wah Kwong Holdings.

(c) The borrowings bear interest at floating rates and the effective interest rates of the loans are 2.67%, 3.89%, 5.73% and 6.22% as at 31 March 2005, 2006, 2007 and 31 December 2007, respectively. The bank loans are denominated in United States dollar and their fair values approximate the carrying amounts.

(d) The borrowings are exposed to changes in interest rates and the contractual repricing dates are as follows:

	31 March			31 December
	2005	2006	2007	2007
	US$'000	*US$'000*	*US$'000*	*US$'000*
Six months or less	95,500	113,400	116,503	149,054
Seven to twelve months	—	26,010	—	—
One to two years	27,540	—	—	—
	123,040	139,410	116,503	149,054

(e) There were no unutilised banking facilities as at 31 March 2005, 2006 and 2007 and the unutilised banking facilities as at 31 December 2007 was US$86,502,000.

23 **Trade and other payable**

	31 March			31 December
	2005	2006	2007	2007
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade payable	1,044	1,097	826	1,140
Other payable	1,461	1,807	1,742	2,405
Charterhire received in advance	533	1,034	1,409	1,126
	3,038	3,938	3,977	4,671

Aging analysis of trade payable at respective balance sheet dates is as follows.

	31 March			31 December
	2005	2006	2007	2007
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within 30 days	868	903	720	224
30 to 60 days	47	8	11	180
60 to 90 days	56	1	12	207
Over 90 days	73	185	83	529
	1,044	1,097	826	1,140

Trade and other payable are mainly denominated in United States dollar and their fair values approximate their carrying amounts.

24 **Advances from ultimate holding company and fellow subsidiaries**

	31 March			31 December
	2005	2006	2007	2007
	US$'000	*US$'000*	*US$'000*	*US$'000*
Ultimate holding company				
Wah Kwong Holdings	—	—	—	71,357
Fellow subsidiaries				
Heathview Investments Limited	22,220	20,826	35,834	—
Venture Enterprises	11,928	10,410	6,880	13,700
Wah Kwong Newbuildings	29,803	31,998	28,920	13,760
	63,951	63,234	71,634	27,460

The advances payable are denominated in United States dollar, unsecured, interest free, have no fixed terms of repayment and their fair value approximates to their carrying amounts.

Subsequent to 31 December 2007, Wah Kwong Holdings made further net advances of US$20.3 million to the Group for financing the capital and other commitments of the Group. As part of the Reorganisation, advances from Wah Kwong Holdings amounting to US$71.6 million and the Consideration for Acquisition of US$21.1 million will be settled by allotting, issuing and crediting as fully paid 374,999,900 new shares in the Company to Wah Kwong Holdings immediately prior to the listing of the shares of the Company (note 1(b)(ix) above). The remaining advances from Wah Kwong Holdings and fellow subsidiaries in the aggregate of US$47.5 million will be repaid out of the proceeds from the initial public offering of the new shares of the Company upon Listing.

25 **Commitments**

(a) ***Capital commitments***

	31 March			31 December
	2005	**2006**	**2007**	**2007**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Contracted but not provided for				
Subsidiaries	63,720	63,720	34,970	227,778
Jointly controlled entities	104,427	19,439	—	114,937
	168,147	83,159	34,970	342,715
Vessels for sale	15,300	47,025	15,300	—
	183,447	130,184	50,270	342,715

The commitments represent outstanding purchase considerations for ten, seven, three and ten vessels at 31 March 2005, 2006, 2007 and 31 December 2007, respectively.

(b) ***Operating lease receivable***

The future aggregate minimum lease rental income receivable in respect of vessel charterhire under non-cancellable operating leases is receivable in the following years and period:

	31 March			31 December
	2005	**2006**	**2007**	**2007**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within one year	20,431	28,953	31,115	57,680
Between one and five years	74,263	50,850	42,178	83,131
Over five years	—	—	—	65,861
	94,694	79,803	73,293	206,672

(c) ***Operating lease commitments***

The future aggregate minimum lease rental expense in respect of land and building under non-cancellable operating lease is payable in the following years and period:

	31 March			31 December
	2005	**2006**	**2007**	**2007**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within one year	—	—	—	106
Between one and five years	—	—	—	97
	—	—	—	203

26 **Notes to the combined cash flow statement**

(a) ***Operating profit before working capital changes***

	Year ended 31 March			Nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Operating profit	100,965	16,947	38,594	24,911	28,554
Depreciation	8,987	8,429	7,883	5,843	7,688
Profit on sale of vessels	(88,741)	(2,605)	(14,377)	(5,610)	(4,695)
Proceeds from sale of vessels	205,082	18,142	95,245	19,800	36,000
Operating profit before working capital changes	226,293	40,913	127,345	44,944	67,547

(b) ***Deemed distributions of subsidiaries and jointly controlled entities***

As set out in note 1(c) above, the net assets of certain subsidiaries and jointly controlled entities, which were involved in the Bulkcarrier and Tanker Businesses and had disposed of their related vessels during the Relevant Periods, and therefore are not included in the Group after the Reorganisation and being treated as deemed distributions to their then respective equity holders.

The aggregated combined assets and liabilities in respect of the Excluded Companies are as follows:

	Year ended 31 March			Nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(unaudited)	
Cash and bank balances	575	—	13	13	—
Trade and other receivable	527	—	—	—	—
Amounts due from fellow subsidiaries	31,672	—	4,504	82	—
Trade and other payable	(567)	—	(14)	(14)	—
Net assets distributed	32,207	—	4,503	81	—
Deemed distribution	(32,207)	—	(4,503)	(81)	—
Less cash and bank balances distributed	(575)	—	(13)	(13)	—
Net cash outflow on deemed distributions	(575)	—	(13)	(13)	—

(c) Advances from fellow subsidiaries amounted to approximately US$58,957,000 were assigned to Wah Kwong Holdings, the ultimate holding company on 30 November 2007 (note 1(b)(iii)).

27 **Significant related party transactions**

(a) Save as disclosed elsewhere in this report, other significant related party transactions carried out during the Relevant Periods are as follows:

	Year ended 31 March			Nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Continuing					
Charterhire income *(note i)*	5,831	10,381	14,486	11,874	7,627
Ship management fee expense *(note ii)*	(585)	(285)	(417)	(297)	(443)
Supervision fee expense *(note iii)*	(1,013)	(790)	(119)	(119)	—
Discontinuing					
Service fee expense *(note iii)*	—	(32)	(38)	(26)	(30)
Consultancy fee expense *(note iv)*	—	—	—	—	(177)

(i) Charterhire income was charged to related companies of the joint venture partners, in which a Director of the Company is also a director, for the charterhire of vessels at rates agreed by both parties.

(ii) Ship management fees were charged by fellow subsidiaries for the services provided at rates agreed by both parties.

(iii) Supervision fees for the construction of new vessels and service fees were charged to the jointly controlled entities and associated companies by a fellow subsidiary for the services provided at rates agreed by both parties. Similar services were provided to the subsidiaries without recharging the costs or any fees.

(iv) Starting from October 2007, consultancy fee was charged by a Company, in which a Director of the Company is also director, at a monthly fee of HK$417,000.

In the opinion of the Directors of the Company, the above related party transactions were carried out in the ordinary and usual course of business and at terms mutually negotiated between the Group and the respective related companies.

(b) In addition to (a) above, the following major related party transactions took place during the Relevant Periods:

(i) Certain staffs and employees of the Wah Kwong Holdings Group rendered project management and administrative services to the Group without recharging the costs or any fees to the Group.

(ii) The Wah Kwong Holdings Group provided the Group to use the trademark of "Wah Kwong" free of charge.

(iii) The Group shared and used part of the office premises, which is leased by a fellow subsidiary, and office equipment without recharging the costs or any fees to the Group.

28 **Jointly controlled entities**

All of the jointly controlled entities are held by subsidiaries. The share of the assets, liabilities, revenue and expenses of the jointly controlled entities attributable to the Group included in the Financial Information is summarised as follows:

	31 March			31 December
	2005	**2006**	**2007**	**2007**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Assets				
Non-current assets	79,801	110,539	111,512	129,278
Current assets	11,063	14,996	12,218	12,957
	90,864	125,535	123,730	142,235
Liabilities				
Non-current liabilities	78,170	99,132	84,356	94,031
Current liabilities	5,553	8,696	9,388	9,287
	83,723	107,828	93,744	103,318
Net assets	7,141	17,707	29,986	38,917
Investments in jointly controlled entities	26	26	26	26

	Year ended 31 March			Nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	US$'000	*US$'000*	*US$'000*	*US$'000 (unaudited)*	*US$'000*
Revenue and income	54,826	35,823	88,439	42,692	19,054
Expenses	(29,916)	(25,257)	(63,363)	(24,567)	(10,122)
Profit for the year/period	24,910	10,566	25,076	18,125	8,932

Capital commitments relating to the jointly controlled entities of the Group are set out in note 25 above. There are no material contingent liabilities relating to the interests in the jointly controlled entities of the Group.

29 **Balance sheet of the Company**

The Company was incorporated on 4 September 2007 and hence no net assets or distributable reserves of the Company were presented for the years ended 31 March 2005, 2006 and 2007. The balance sheet of the Company as at 31 December 2007 is set out as follows:

	US$'000
ASSETS	
Non-current assets	
Subsidiaries *(note a)*	—
Current assets	
Prepayments	826
Amount due from a subsidiary *(note b)*	12,400
	13,226
Total assets	13,226
EQUITY	
Capital and reserves	
Share capital *(note c)*	—
Reserves	(183)
Total equity	(183)
LIABILITIES	
Current liabilities	
Amount due to ultimate holding company *(note b)*	12,400
Amount due to a fellow subsidiary *(note b)*	1,009
Total liabilities	13,409
Total equity and liabilities	13,226
Net current liabilities	(183)
Total assets less current liabilities	(183)

(a) Subsidiaries represent unlisted shares at cost of US$5.

(b) The amounts receivable and payable are non-trade in nature, denominated in United States dollar, unsecured, interest free, have no fixed terms of repayment and their fair values approximates their carrying amounts.

(c) The Company was incorporated in the Cayman Islands on 4 September 2007 with an authorised share capital of US$50,000 divided into 50,000 shares of US$1.00 each. Upon incorporation, one share was allotted, issued and credited as fully paid at par to Wah Kwong Holdings.

On 22 February 2008, the Company passed ordinary resolutions whereby:

(i) The exiting one share of US$1.00 was repurchased by the Company which shall be paid out of the proceeds of the issue of shares referred to (iv) below;

(ii) Following the repurchase referred to in (i) above, the authorised but unissued share capital of the Company was diminished by the cancellation of all the 50,000 shares of US$1.00 each;

(iii) The authorised share capital of the Company was increased by HK$3,000,000,000 by the creation of 30,000,000,000 shares of par value of HK$0.10 each; and

(iv) 100 shares of HK$0.10 each were allotted, issued and credited as fully paid at par to Wah Kwong Holdings.

30 **Subsequent events**

(a) In April 2008, two jointly controlled entities of the Group, entered into shipbuilding contracts for the construction of two post-panamax bulkcarriers, namely "WBC93-01" and "WBC93-02", which are scheduled for delivery on or before December 2010 and February 2011, respectively, with aggregate consideration attributable to the Group of approximately US$52.8 million.

(b) In May 2008, the Group entered into an agreement to dispose of a supramax bulkcarrier, namely "Golden Venture", with carrying value at 31 December 2007 of US$27.6 million, to an unrelated party at a consideration of US$75.0 million, completion of which is subject to certain conditions and will take place in September 2008.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company and its subsidiaries have been prepared in respect of any period subsequent to 31 December 2007 up to the date of this report. No dividend or other distribution had been declared, made or paid by the Company or any of the companies comprising the Group in respect of any period subsequent to 31 December 2007.

Yours faithfully
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Reorganisation and the Global Offering on the combined net tangible assets of the Group attributable to the equity holders of the Company as of 31 December 2007 as if the Global Offering had taken place on 31 December 2007 assuming the Over-allotment Option is not exercised.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group as at 31 December 2007 or at any future dates following the Global Offering. It is prepared based on the combined net assets of the Group as at 31 December 2007 as set out in the Accountants' Report of the Group, the text of which is set out in Appendix I to this Prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the Accountants' Report.

	Audited combined net tangible assets of the Group as at 31 December 2007 *(Note 1)* *US$'000*	**Issue of Shares to Wah Kwong Holdings** *(Note 2)* *US$'000*	**Estimated net proceeds from the Global Offering** *(Note 3)* *US$'000*	**Unaudited pro forma adjusted net tangible assets** *US$'000*	**Unaudited pro forma adjusted net tangible assets per share** *(Note 4)* *US$*	**Unaudited pro forma adjusted net tangible assets per share** *(Note 4)* *HK$*
Based on an Offer Price of HK$7.78 per share	58,103	71,634	115,069	244,806	0.49	3.82
Based on an Offer Price of HK$10.20 per share	58,103	71,634	152,532	282,269	0.56	4.40

Notes:

(1) The audited combined net tangible assets of the Group as at 31 December 2007 is extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) In connection with the Reorganisation and as consideration for the formation of the Group, 374,999,900 new Shares will be issued by the Company to Wah Kwong Holdings immediately prior to the Listing Date for the partial settlement of advances from the Wah Kwong Holdings Group amounting to US$71,634,000 and the consideration payable to Wah Kwong Holdings for the transfer of shares of the Vessel Companies to the Group amounting to US$21,126,000 as set out in the section headed "Further Information about the Company — Issue of Shares in the Company to Wah Kwong Holdings" in Appendix VII to this prospectus. Since the capitalisation of consideration payable to Wah Kwong Holdings for the transfer of shares of the Vessel Companies to the Group of US$21,126,000 shall have no effect on the equity of the Group, as a result of the issue of Shares to Wah Kwong Holdings, the net tangible assets of the Group will increase by US$71,634,000 resulting from the above capitalisation.

(3) The estimated net proceeds from the Global Offering based on the indicative Offer price of HK$7.78 and HK$10.20 per Share after deduction of the underwriting fees (excluding a discretionary fee of up to HK$4.86 million and HK$6.38 million, respectively, that in the sole discretion of the Company, may be payable to the Joint Lead Managers) and other related expenses payable by the Company. No account has been taken of the Shares which may be issued upon the exercise of Over-allotment Option or any shares which may be issued upon exercise of the options which have been granted under the Pre-IPO Scheme or the Share Option Scheme or any Shares which may be allotted, issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in the paragraph headed "Resolutions of the Sole Shareholder" in the section headed "Further information about the Company" in Appendix VII to this prospectus.

(4) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that a total of 500,000,000 Shares were in issue assuming that the Global Offering has been completed on 31 December 2007 but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option, any shares which may be issued upon exercise of the options which have been granted under the Pre-IPO Scheme or the Share Option Scheme or any Shares which may be allotted, issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in the paragraph headed "Resolutions of the Sole Shareholder" in the section headed "Further information about the Company" in Appendix VII to this prospectus.

(5) No adjustment has been made to reflect any trading results or other transaction of the Group entered into subsequent to 31 December 2007.

(6) For the purpose of this unaudited pro forma statement of adjusted net tangible assets, amounts stated in Hong Kong dollar have been translated to United States dollar at the exchange rate of HK$7.8 = US$1.

B. UNAUDITED PRO FORMA ESTIMATED EARNINGS PER SHARE

The following unaudited pro forma basic estimated earnings per share has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had been taken place on 1 April 2007. This unaudited pro forma basic estimated earnings per share has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of financial results of the Group for the year ended 31 March 2008 or any future period.

Estimated combined profit attributable to equity holders of the Company for the year ended 31 March 2008 *(Note 1)* . . . . . Not less than US$34.70 million (Not less than HK$270.66 million)

Unaudited pro forma basic estimated earnings per Share *(Notes 2 and 3)*. Not less than US$0.0694 (Not less than HK$0.5413)

Notes:

1. The estimated combined profit attributable to equity holders for the year ended 31 March 2008 is extracted from the section headed "Financial Information — Profit Estimate" in this prospectus. The bases on which the above profit estimate has been prepared are summarised in Appendix III to this prospectus. The Directors of the Company have prepared the estimated combined profit attributable to equity holders of the Company for the year ended 31 March 2008 based on the audited combined results of the Company for the nine months ended 31 December 2007 and the unaudited management financial statements for the three months ended 31 March 2008. The estimate has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in Note 2 of Section II of the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

2. The calculation of the unaudited pro forma basic estimated earnings per Share is based on the estimated combined profit attributable to equity holders of the Company for the year ended 31 March 2008, assuming that the Global Offering was completed on 1 April 2007 and a total of 500,000,000 Shares were in issue during the entire year. This calculation assumes that the Over-allotment Option will not be exercised and no account has been taken of any shares which may be issued upon exercise of the options which have been granted under the Pre-IPO Scheme or the Share Option Scheme or any Shares which may be allotted, issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in the paragraph headed "Resolutions of the Sole Shareholder" in the section headed "Further Information about the Company" in Appendix VII to this prospectus.

3. On 15 May 2008, the Company adopted a Pre-IPO Scheme, under which options have been granted to the Executive Directors and a member of senior management of the Group. Assuming that all the options granted under the Pre-IPO Scheme had been exercised in full on 1 April 2007 and that 504,700,000 Shares, comprising 500,000,000 Shares to be in issue immediately after the Global Offering and 4,700,000 Shares to be issued upon the exercise of all the options granted under the Pre-IPO Scheme, had been in issue throughout the year ended 31 March 2008, but not taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, the unaudited pro forma diluted estimated earnings per Share for the year ended 31 March 2008 would be not less than US$0.0688. This calculation has been prepared on the bases that the proceed from the exercise of the options under the Pre-IPO Scheme is nil, has not considered the impact of the fair value of the Shares on computation of number of dilutive potential Shares, and has not considered the impact of fair value of the options granted under the Pre-IPO Scheme on the profit estimate for the year ended 31 March 2008.

4. For the purpose of this unaudited pro forma estimated earnings per share, amounts stated in Hong Kong dollar have been translated to United States dollar at the exchange rate of HK$7.8 = US$1.

C. REPORT FROM THE REPORTING ACCOUNTANT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

REPORT FROM THE ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS OF WAH KWONG MARITIME TRANSPORT HOLDINGS LIMITED

We report on the unaudited pro forma financial information of Wah Kwong Maritime Transport Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages II-1 to II-3 under the headings of "Unaudited Pro Forma Statement of Adjusted Net Tangible Assets" and "Unaudited Pro Forma Estimated Earnings Per Share" (together the "Unaudited Pro Forma Financial Information") in Appendix II of the prospectus of the Company dated 29 May 2008 (the "Prospectus"), in connection with the proposed initial public offering (the "Global Offering") of the shares of the Company. The Unaudited Pro Forma Financial Information has been prepared by the Directors of the Company, for illustrative purposes only, to provide information about how the Global Offering might have affected the relevant financial information of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages II-1 to II-3 of the Prospectus.

Respective Responsibilities of Directors of the Company and the Reporting Accountants

It is the responsibility solely of the Directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the audited combined net assets of the Group as at 31 December 2007 with the Accountants' Report as set out in Appendix I of the Prospectus, comparing the unaudited estimated combined profit attributable to the equity holders of the Company for the year ended 31 March 2008 with the profit estimate for the year ended 31 March 2008 as set out in the section headed "Financial Information" in the Prospectus, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the Directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the Directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

— the adjusted net tangible assets of the Group as at 31 December 2007 or any future date, or

— the earnings per share of the Group for the year ended 31 March 2008 or any future periods.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 29 May 2008

A. BASES

Our Directors have prepared the estimated combined profit attributable to the equity holders of the Company for the year ended 31 March 2008, based on the audited combined results of the Group for the nine months ended 31 December 2007 and the unaudited combined results of the Group based on management accounts for the three months ended 31 March 2008. The profit estimate has been prepared on a basis consistent in all material respects with the accounting policies we have presently adopted as set out in note 2 of Section II of the Accountants' Report, the text of which is set out in Appendix I to this prospectus as if the current group structure had been in existence throughout the whole financial year ended 31 March 2008, or since their respective dates of incorporation, whichever is a shorter period.

B. LETTER FROM THE REPORTING ACCOUNTANT ON THE PROFIT ESTIMATE

The following is the text of a letter received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

29 May 2008

The Directors
Wah Kwong Maritime Transport Holdings Limited

Anglo Chinese Corporate Finance, Limited
Cazenove Asia Limited

Dear Sirs

We have reviewed the calculations of and accounting policies adopted in arriving at the estimate of the combined profit attributable to the equity holders of Wah Kwong Maritime Transport Holdings Limited (the "Company") for the year ended 31 March 2008 (the "Profit Estimate") as set out in the subsection headed "Profit estimate for the year ended 31 March 2008" in the section headed "Financial information" in the prospectus of the Company dated 29 May 2008 (the "Prospectus").

We conducted our work in accordance with the Auditing Guideline 3.341 on "Accountants' report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants.

The Profit Estimate, for which the Directors of the Company are solely responsible, has been prepared by them based on the audited combined results of the Company and its subsidiaries (hereinafter collectively referred to as "the Group") for the nine months ended 31 December 2007 and the unaudited combined results based on management accounts for the three months ended 31 March 2008.

In our opinion, the Profit Estimate, so far as the calculation and accounting policies are concerned, has been properly compiled in accordance with the bases made by the Directors of the Company as set out on page III-1 of the Prospectus, and is presented on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in note 2 under Section II of the Accountants' Report dated 29 May 2008, the text of which is set out in Appendix I of the Prospectus.

Yours faithfully
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

C. LETTER FROM THE JOINT SPONSORS

The following is the text of a letter received from the Joint Sponsors for the purpose of incorporation in this prospectus.

ANGLO CHINESE
CORPORATE FINANCE, LIMITED

CAZENOVE
Cazenove Asia Limited

29 May 2008

The Directors

Wah Kwong Maritime Transport Holdings Limited
Unit 2103, 21st Floor
Shanghai Industrial Investment Building
48-62 Hennessy Road
Wan Chai
Hong Kong

Dear Sirs,

We refer to the estimate of the combined profit attributable to the equity holders of Wah Kwong Maritime Transport Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 March 2008 (the "Profit Estimate") as set out in the subsection headed "Profit Estimate for the year ended 31 March 2008" in the section headed "Financial Information" in the prospectus issued by the Company dated 29 May 2008 (the "Prospectus"). The Profit Estimate, for which the directors of the Company are solely responsible, has been prepared based on the audited combined results of the Group for the nine months ended 31 December 2007 and the unaudited combined results based on management accounts for the three months ended 31 March 2008.

We have discussed with you the bases made by the directors of the Company as set out in Appendix III to the Prospectus upon which the Profit Estimate has been made. We have also considered the letter dated 29 May 2008 addressed to yourselves and ourselves from PricewaterhouseCoopers regarding the accounting policies and calculations upon which the Profit Estimate has been made.

On the basis of the information comprising the Profit Estimate and on the basis of the accounting policies and calculations adopted by you and reviewed by PricewaterhouseCoopers, we are of the opinion that the Profit Estimate, for which you as directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of
Anglo Chinese Corporate Finance, Limited
Stuart Wong
Director

Yours faithfully,
For and on behalf of
Cazenove Asia Limited
Joseph Hsu
Director — Joint Head of Hong Kong Corporate Finance

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from DTZ Debenham Tie Leung Limited, an independent valuer, in connection with its valuation as at 9 May 2008 of the property interests of the Group.

10th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

29 May 2008

The Directors
Wah Kwong Maritime Transport Holdings Limited
Unit 2103, 21st Floor, Shanghai Industrial Investment Building
48-62 Hennessy Road
Wanchai
Hong Kong

Dear Sirs,

In accordance with your instruction for us to value the property interests of Wah Kwong Maritime Transport Holdings Limited and its subsidiaries (hereinafter together referred to as the "Group"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of the property interests as at 9 May 2008 (the "date of valuation").

Our valuation of each of the property interests represents its market value which in accordance with the Valuation Standards on Properties of the Hong Kong Institute of Surveyors is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Our valuation of each property interest excludes an estimated price inflated or deflated by special terms or circumstances such as a typical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the properties nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

In valuing the property interests, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Listing Rules of The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards on Properties (First Edition January 2005) published by The Hong Kong Institute of Surveyors.

The properties in Group I and II are all rented by the Group. They are considered to be of no commercial value due mainly to the prohibitions against assignment and subletting and the lack of substantial profit rents.

In the course of our valuation of the properties in the PRC, we have relied on the advice given by the Group and the opinion of the PRC legal adviser, Zhong Lun Law Firm, Shanghai Office regarding the validity of the tenancies and agreements ofthe properties.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, identification of properties, particulars of occupancy, floor plans, floor areas and all other relevant matters. Dimensions and measurements are based on the copies of documents or other information provided to us by you and are therefore only approximations. No on-site measurement has been carried out.

We have been provided by the Group with copies of tenancy agreements in respect of the properties. We have not been provided with copies of the title documents relating to the properties but have caused searches to be made at the Land Registry. However, we have not searched the original documents to verify ownership or to ascertain any amendments. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

We have inspected the exterior and wherever possible, the interior of the properties. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No test was carried out on any of the services.

We enclose herewith a summary of valuations and our valuation certificate.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited
K. B. Wong
Registered Professional Surveyor
(General Practice Division)
M.R.I.C.S., M.H.K.I.S.
Director

Note: Mr. K. B. Wong is a registered professional surveyor who has over 20 years of experience in valuation of properties in Hong Kong and the PRC.

SUMMARY OF VALUATIONS

	Property	Capital value in existing state as at 9 May 2008
Group I — Property interests leased by the Group in Hong Kong		
1.	Unit 2103, 21st Floor, Shanghai Industrial Investment Building, 48-62 Hennessy Road, Wanchai, Hong Kong	No commercial value
2.	Unit 2104, 21st Floor, Shanghai Industrial Investment Building, 48-62 Hennessy Road, Wanchai, Hong Kong	No commercial value
3.	Unit 1103, 11th Floor, Shanghai Industrial Investment Building, 48-62 Hennessy Road, Wanchai, Hong Kong	No commercial value
Group II — Property interest leased by the Group in the PRC		
4.	Unit 1905, Level 19, No. 1200 Pudong Avenue, Pudong New Area, Shanghai, the PRC	No commercial value

VALUATION CERTIFICATE

Group I — Property interests leased by the Group in Hong Kong

	Property	Description and tenancy particulars	Capital value in existing state as at 9 May 2008
1.	Unit 2103, 21st Floor, Shanghai Industrial Investment Building, 48-62 Hennessy Road, Wanchai, Hong Kong	The property comprises an office unit on the 21st floor of a 30-storey commercial building completed in 1977. The property has a gross floor area of approximately 117.99 sq.m. (1,270 sq.ft.) and is currently occupied by the Group as its office. The property is leased to the Group for a term from 1 December 2007 to 15 August 2009 at a monthly rent of HK$20,955, exclusive of Government rates, management fees, air-conditioning charges and other outgoings.	No commercial value
2.	Unit 2104, 21st Floor, Shanghai Industrial Investment Building, 48-62 Hennessy Road, Wanchai, Hong Kong	The property comprises an office unit on the 21st floor of a 30-storey commercial building completed in 1977. The property has a gross floor area of approximately 111.48 sq.m. (1,200 sq.ft.) and is occupied by the Group as its office. The property is leased to the Group for a term from 1 March 2008 to 28 February 2010 at a monthly rent of HK$22,800, exclusive of Government rates, Government rent, management fees, air-conditioning fees and other outgoings.	No commercial value
3.	Unit 1103, 11th Floor, Shanghai Industrial Investment Building, 48-62 Hennessy Road, Wanchai, Hong Kong	The property comprises an office unit on the 11th floor of a 30-storey commercial building completed in 1977. The property has a gross floor area of approximately 140.00 sq.m. (1,507 sq.ft.) and is currently occupied by the Group as its office. The property is leased to the Group for a term from 15 October 2007 to 14 October 2009 at a monthly rent of HK$27,126, exclusive of Government rates, management fees, air-conditioning charges and other outgoings.	No commercial value

VALUATION CERTIFICATE

Group II — Property interest leased by the Group in the PRC

	Property	Description and tenancy particulars	Capital value in existing state as at 9 May 2008
4.	Unit 1905, Level 19, No. 1200 Pudong Avenue, Pudong New Area, Shanghai, the PRC	The property comprises an office unit on level 19 of an office building. The property has a gross floor area of 190.85 sq.m. (2,054 sq.ft.). The property is occupied by the Group as office. The property is leased to Hua Hai (Shanghai) International Freight Forwarding Company Limited, a wholly owned subsidiary of the Group, for a term from 1 May 2008 to 30 April 2010 at an annual rent of RMB299,532.	No commercial value

Notes:

(1) The property is leased by the Group from the Yangjing Street Sub-District Office of the People's Government of Pudong New Area, Shanghai Municipality, an independent third party.

(2) According to the legal opinion of the Group's PRC legal adviser:

(a) the lease agreement constitutes the legal, valid, and binding obligations of each party thereto and is enforceable against each party thereto in accordance with its terms, provided that the lease agreement cannot be enforceable against a good faith third party since it is not registered with the applicable real estate administrative authority;

(b) the landlord is the legal owner and has the legal and valid title to the property; and

(c) the property is not subject to any mortgages or charges.

The following is the valuation, prepared for the purpose of incorporation in this prospectus received from Fearnleys, an independent valuer, in connection with its valuation as at 15 April 2008 of the vessels of the Wah Kwong Maritime Group.

Fearnleys is an established shipbroking company based in Oslo, Norway whose roots go back to the 19th Century. Providing professional ship valuations has been part of their service for decades.

This valuation is performed on "willing Seller and willing Buyer" basis and is given to the best of our knowledge and based on the sale and purchase marked condition prevailing at the time mentioned subject to the vessel being in sound condition and made available for delivery fairly prompt inclusive of any current time charter commitments, where applicable, and further subject to the conditions as follows:

This valuation and particulars are statements of opinion and are not to be taken as representatives of fact. The figures relate solely to our opinion of the market value as of the date given and should not be taken to apply at any other date.

We have neither made a physical inspection of the ships, nor have we inspected their classification records. Our opinion is based on information of the ships stipulated in standard reference books. The valuation is based on each ship being sold individually.

Any person contemplating entering a transaction or otherwise relying upon this valuation should satisfy themselves by inspection of the ships or otherwise as to the correctness of the statements and assumptions which the valuation contains. No assurance can be given that the values can be sustained or are realisable in actual transactions.

Fearnleys

FEARNSALE

CERTIFICATE OF VALUATION

Vessel	Type	Dwt	Built	Yard	USD
Venture Spirit	Tanker	298,000	2003	Universal SB	130,000,000
Ardenne Venture	Tanker	318,000	2004	HHI	143,000,000
Starlight Venture	Tanker	318,000	2004	HHI	144,000,000
Mineral Capeasia	Bulk Carrier	174,000	2005	SWS	97,000,000
China Venture	Bulk Carrier	175,000	2005	SWS	80,000,000
Moonlight Venture	Tanker	61,000	2006	Sumitomo	49,500,000
Cemtex Venture	Bulk Carrier	73,000	2006	Jiangnan	85,500,000
Cape Shanghai	Bulk Carrier	174,000	2007	SWS	117,000,000
Shanghai Venture	Bulk Carrier	53,000	2007	Chengxi	76,500,000
Golden Venture	Bulk Carrier	53,000	2007	Chengxi	74,500,000
Priscilla Venture	Bulk Carrier	76,000	03-2008	Oshima	86,000,000
Hull no 4253	Bulk Carrier	53,000	01-2009	Chengxi	67,000,000
Hull no 4247	Bulk Carrier	53,000	06-2009	Chengxi	63,000,000
Hull no 4248	Bulk Carrier	53,000	09-2009	Chengxi	63,000,000
Hull no 4250	Bulk Carrier	53,000	11-2009	Chengxi	58,000,000
Hull no 4251	Bulk Carrier	53,000	10-2010	Chengxi	51,000,000
Hull no 1149	Bulk Carrier	177,000	11-2010	SWS	91,000,000
Hull no 4252	Bulk Carrier	53,000	11-2010	Chengxi	51,000,000
Hull no 1800-26	Bulk Carrier	180,000	11-2010	DSIC	103,000,000
Hull no 4254	Bulk Carrier	53,000	12-2010	Chengxi	51,000,000
WBC 93-01	Bulk Carrier	93,000	12-2010	SHG	52,500,000
WBC 93-02	Bulk Carrier	93,000	02-2011	SHG	51,000,000

as per 15th April, 2008

This valuation is subject to the conditions printed.

p. Fearnleys

Date: 15.04.2008

Lars Christian Skarsgard

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 4 September 2007 under the Companies Law. The Memorandum and the Articles comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 15 May 2008 and will become effective upon Listing. The following is a summary of certain provisions of the Articles:

(a) **Directors**

(i) *Power to allot and issue shares and warrants*

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) *Power to dispose of the assets of the Company or any subsidiary*

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) *Compensation or payments for loss of office*

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) *Loans and provision of security for loans to Directors*

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) *Disclosure of interests in contracts with the Company or any of its subsidiaries.*

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company

promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;

(ee) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or

(ff) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) *Remuneration*

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) *Retirement, appointment and removal*

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office or director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;

(bb) becomes of unsound mind or dies;

(cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) if he is prohibited from being a director by law;

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) *Borrowing powers*

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) *Proceedings of the Board*

The board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) *Register of Directors and Officers*

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(b) **Alterations to constitutional documents**

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(c) **Alteration of capital**

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

(i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) **Variation of rights of existing shares or classes of shares**

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

(e) **Special resolution-majority required**

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than twenty-one (21) clear days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five (95) per cent. in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than twenty-one (21) clear days' notice has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) **Voting rights (generally and on a poll) and right to demand a poll**

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a show of hands, every member who is present in person or by proxy or being a corporation, is present by its duly authorised representative shall have one vote and on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided on a show of hands unless voting by way of a poll is required by the rules of the Designated Stock Exchange (as defined in the Articles) or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by (i) the chairman of the meeting or (ii) at least three members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting or (iii) any member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting or (iv) a member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right or (v) if required by the rules of the Designated Stock Exchange (as defined in the Articles), by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have

been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) **Requirements for annual general meetings**

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than 15 months after the holding of the last preceding annual general meeting or a period of 18 months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) **Accounts and audit**

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) **Notices of meetings and business to be conducted thereat**

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by at least twenty-one (21) clear days' notice in writing, and any other extraordinary general meeting shall be called by at least fourteen (14) clear days' notice (in each case exclusive of the day on which the notice is served or deemed to be served and of the day for which it is given). The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five (95) per cent in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty (20) per cent in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(j) **Transfer of shares**

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) **Power for the Company to purchase its own shares**

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) **Power for any subsidiary of the Company to own shares in the Company**

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(m) **Dividends and other methods of distribution**

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(n) **Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(o) **Call on shares and forfeiture of shares**

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty (20) per cent. per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty (20) per cent. per annum as the board determines.

(p) **Inspection of register of members**

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours on every business day by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) **Quorum for meetings and separate class meetings**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) **Rights of the minorities in relation to fraud or oppression**

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarised in paragraph 3(f) of this Appendix.

(s) **Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding

up, the excess shall be distributed pari passu amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) **Untraceable members**

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) **Subscription rights reserve**

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) **Financial assistance to purchase shares of a company or its holding company**

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) **Purchase of shares and warrants by a company and its subsidiaries**

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner or purchase, a company cannot purchase any of its own shares unless the manner of purchase has first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) **Dividends and distributions**

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) **Protection of minorities**

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) **Management**

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) **Accounting and auditing requirements**

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) **Exchange control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) **Taxation**

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 25 September 2007.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) **Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) **Loans to directors**

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) **Inspection of corporate records**

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

(n) **Winding up**

A company may be wound up by either an order of the Court or by a special resolution of its members. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidator; and the Court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (pari passu if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company

has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting shall be called by Public Notice (as defined in the Companies Law) or otherwise as the Registrar of Companies of the Cayman Islands may direct.

(o) **Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five (75) per cent. in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) **Compulsory acquisition**

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than ninety (90) per cent. of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) **Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the sub-section headed "Documents available for inspection" in Appendix VIII to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

1. FURTHER INFORMATION ABOUT THE COMPANY

A. Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 4 September 2007 under the Companies Law. As the Company was incorporated in the Cayman Islands, it operates subject to the Cayman Islands laws and to its constitution which comprises its Memorandum of Association and articles of association. A summary of certain relevant parts of the Company's constitution and certain relevant aspects of Cayman Islands company law is set out in Appendix VI to this prospectus.

The Company has established a place of business in Hong Kong at Unit 2103, 21st Floor, Shanghai Industrial Investment Building, 48-62 Hennessy Road, Wan Chai, Hong Kong and was registered on 12 February 2008 as a non-Hong Kong company in Hong Kong under Part XI of the Hong Kong Companies Ordinance. Chao Sih Ming Sabrina and Kam Koon Tong David have been appointed as the Company's authorised representatives for the acceptance of service of process and notices on behalf of the Company in Hong Kong.

B. Changes in Registered Share Capital

(a) On 4 September 2007, our Company was incorporated with an authorised share capital of US$50,000 divided into 50,000 shares of US$1 each.

(b) On 22 February 2008:

(i) our authorised share capital was increased by HK$3,000,000,000 by the creation of 30,000,000,000 shares of HK$0.10 each;

(ii) following the increase of the authorised share capital referred to in (i) above, the Company issued 100 new shares of HK$0.10 each fully paid to Wah Kwong Holdings;

(iii) following the issue of 100 new shares to Wah Kwong Holdings referred to in (ii) above, the Company repurchased the 1 existing issued share of US$1 from Wah Kwong Holdings at a consideration of US$1; and

(iv) following the repurchase of the 1 existing share referred to in (iii) above, the authorised but unissued share capital of the Company was diminished by the cancellation of all of the 50,000 unissued shares of US$1 each in the capital of the Company.

Save as disclosed in this Appendix, there has been no alteration in our share capital since our incorporation up to the date of this prospectus.

C. **Resolutions of the sole Shareholder**

On 15 May, 2008, written resolutions of the sole Shareholder were passed pursuant to which:

(a) conditional on (i) the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the Shares in issue and the Shares to be issued as mentioned in this prospectus (including the additional Shares which may be issued pursuant to any exercise of the Over-allotment Option, the exercise of options granted or which may be granted under the Pre-IPO Scheme and the Share Option Scheme) and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) pursuant to the Underwriting Agreements) and not being terminated in accordance with the terms thereof or otherwise, in each case on or before such dates as may be specified in such agreements, the Global Offering and the Over-allotment Option were approved and the Directors were authorised to allot and issue Shares pursuant to the Global Offering on and subject to the terms and conditions set out in this prospectus;

(b) conditional on (i) the Listing Committee of the Hong Kong Stock Exchange approving the Pre-IPO Scheme and the grant of options thereunder and the granting of the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of any such option granted under the Pre-IPO Scheme and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) pursuant to the Underwriting Agreements) and not being terminated in accordance with the terms thereof or otherwise, in each case on or before such dates as may be specified in such agreements, the Pre-IPO Scheme was approved and adopted, and the Directors were authorised at their absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares issued pursuant to the exercise of subscription rights under any options which may be granted under the Pre-IPO Scheme and to take all such actions as may be necessary or desirable to implement the Pre-IPO Scheme;

(c) conditional on (i) the Listing Committee of the Hong Kong Stock Exchange approving the Share Option Scheme and the grant of options thereunder and the granting of the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of any such option granted under the Share Option Scheme; (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) pursuant to the Underwriting Agreements) and not being terminated in accordance with the terms thereof or otherwise, in each case on or before such dates as may be specified in such agreements; and (iii) the commencement of dealing in the Shares on the Hong Kong Stock Exchange, the Share Option Scheme was approved and adopted, and the Directors were authorised at their absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares issued pursuant to the exercise of subscription rights under any options which may be granted under the Share Option Scheme and to take all such actions as may be necessary or desirable to implement the Share Option Scheme;

(d) a general mandate was given to the Directors to exercise all powers of the Company to allot, issue and deal with, otherwise than by way of rights issue or an issue of Shares upon the exercise of the subscription rights attached to any warrants of the Company or pursuant to the exercise of any options which may be granted under the Share Option Scheme or the Pre-IPO Scheme or similar arrangement or any adjustment of rights to subscribe for shares under options and warrants or any scrip dividend or similar arrangements or any Shares allotted in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company or pursuant to a specific authority granted by the Shareholders in general meeting, Shares with an aggregate nominal value not exceeding 20% of the aggregate of the total nominal value of the share capital of the Company in issue immediately following completion of the Global Offering (but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option and any Shares which may be issued pursuant to the exercise of any options granted or which may be granted under the Pre-IPO Scheme or the Share Option Scheme), such mandate to remain in effect until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company; or

(ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company; or

(iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking, varying or revising such mandate;

(e) a general unconditional mandate was given to the Directors authorising the Directors to exercise all the powers of the Company and on behalf of the Company to repurchase on the Hong Kong Stock Exchange or on any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Hong Kong Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Hong Kong Listing Rules (or of such other stock exchange) such number of Shares as will represent up to 10% of the aggregate of the total nominal value of the share capital of the Company in issue immediately following completion of the Global Offering (but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option and any Shares which may be issued pursuant to the exercise of any options granted or which may be granted under the Pre-IPO Scheme or the Share Option Scheme), such mandate to remain in effect until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company; or

(ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company; or

(iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking, varying or revising such mandate;

(f) the general mandate granted to the Directors as mentioned in paragraph (d) above was extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company under the authority granted pursuant to paragraph (e) above; and

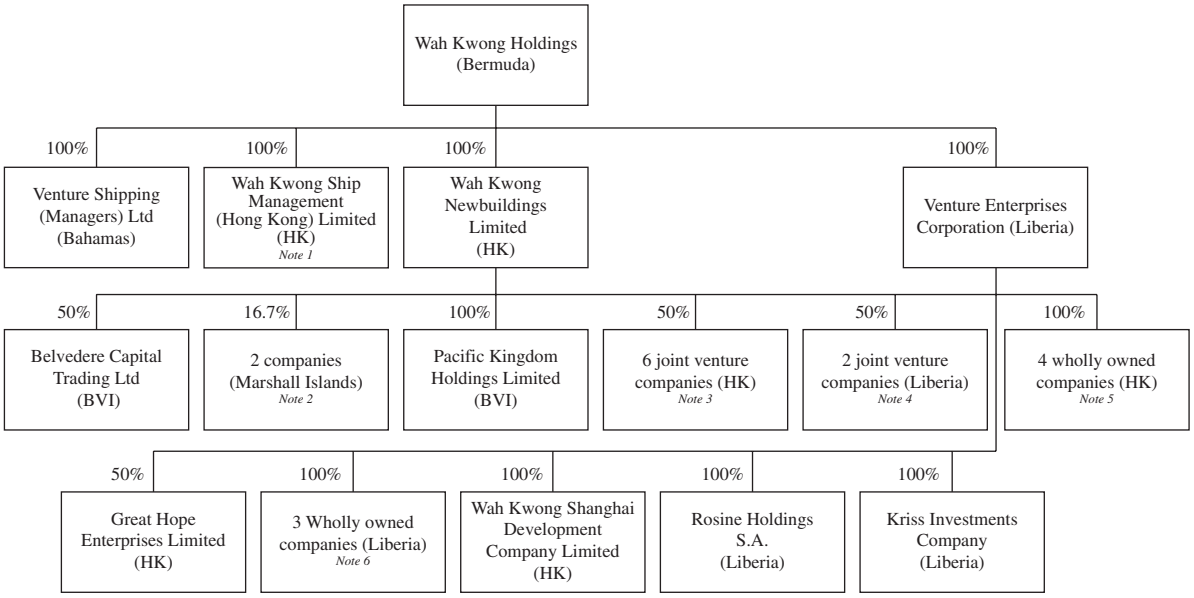
(h) the Company conditionally approved and adopted the Articles.

D. **Reorganisation**

The Reorganisation was undertaken by the Wah Kwong Holdings Group to separate the business of ownership and operation of bulkcarriers and tankers in preparation for the listing of the Company on the Hong Kong Stock Exchange.

The objective of the Reorganisation was to transfer the bulker shipping and tanker shipping assets of Wah Kwong Holdings to the Group. This was achieved through a series of transactions described below, which resulted in each of the Vessel Companies becoming subsidiaries, jointly controlled entities or associated companies of the Company.

Set out below is the relevant parts of the Wah Kwong Holdings Group structure as it was immediately prior to the Reorganisation:



Notes:

1. Wah Kwong Ship Management (Hong Kong) Limited is held as to 50% by Wah Kwong Holdings and as to 50% by Wah Kwong Newbuildings Limited (a wholly owned subsidiary of Wah Kwong Holdings).

2. The two companies are Cape Asia Newbuildings Limited and Cape Asia Newbuildings (II) Limited.

3. The six companies are Bright Time Holdings Limited, Great Era Investment Limited, Chainhurst Limited, Clear Mountain Shipping Limited, Ever Progress Trading Limited and New Pacific Shipping Limited.

4. The two companies are Elegance Carriers, Inc. and Komati Shipping Limited.

5. The four companies are Bridgetower Limited, Wah Kwong Dockyard Limited, Wah Kwong Satellite Technology Company Limited and Regal Land International Limited.

6. The three companies are Bradwell Shipping Company, Mellor Marine Limited and Wah Kwong Chartering Inc..

Principal transfers effected by the Reorganisation

Consistent with industry practice, each vessel is owned by a separate company. Under the Reorganisation, all of the Wah Kwong Holdings Group's interests in the tanker Vessel Companies were transferred to the Wah Kwong Maritime Group and held directly by Kriss Investments Company and all of the Wah Kwong Holdings Group's interests in the bulker Vessel Companies were transferred to the Wah Kwong Maritime Group and held directly by Rosine Holdings S.A. as follows:

1. The interests in the following tanker Vessel Companies were transferred from Wah Kwong Newbuildings Limited to Kriss Investments Company:

   (a) Bright Time Holdings Limited;

   (b) Great Era Investment Limited; and

   (c) Wah Kwong Satellite Technology Company Limited.

   One issued share in Great Hope Enterprises Limited was also transferred from Venture Enterprises Corporation to Kriss Investments Company.

2. The interests in the following bulker Vessel Companies were transferred from Wah Kwong Newbuildings Limited to Rosine Holdings S.A.:

   (a) Belvedere Capital Trading Ltd;

   (b) Bridgetower Limited;

   (c) Cape Asia Newbuildings Limited;

   (d) Cape Asia Newbuildings (II) Limited;

   (e) Chainhurst Limited;

   (f) Clear Mountain Shipping Limited;

   (g) Elegance Carriers, Inc.;

(h) Ever Progress Trading Limited;

(i) Komati Shipping Limited;

(j) New Pacific Shipping Limited;

(k) Pacific Kingdom Holdings Limited;

(l) Regal Land International Limited; and

(m) Wah Kwong Dockyard Limited.

3. The interests in the following bulker Vessel Companies were transferred from Venture Enterprises Corporation to Rosine Holdings S.A.:

(a) Bradwell Shipping Company;

(b) Mellor Marine Limited;

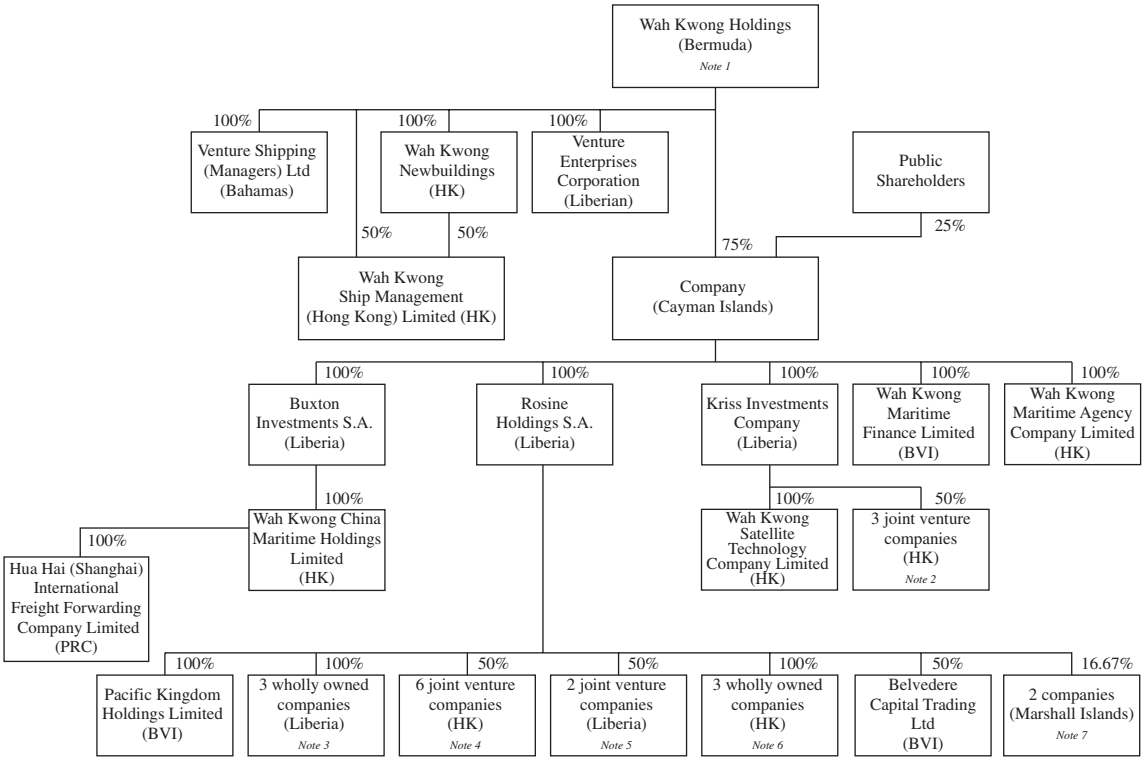
(c) Wah Kwong Chartering Inc.; and

(d) Wah Kwong Shanghai Development Company Limited.

4. As set out in the sub-section of this prospectus entitled "Investment in Joint Ventures — Transfer of a vessel from the Wah Kwong Holdings Group to the Wah Kwong Maritime Group", on 27 November 2007, Welwin Shipping Limited, an entity that is jointly controlled by Wah Kwong Newbuildings Limited and U-Ming Marine Transport (Singapore) Private Limited agreed to sell a vessel to Winyield Investments Limited, a joint venture company that is jointly controlled by Rosine Holdings S.A. and U-Ming Marine Transport (Singapore) Private Limited.

Structure after completion of the Reorganisation

The chart below illustrates the corporate and shareholding structure of the Wah Kwong Maritime Group immediately after the Reorganisation and the Global Offering (assuming that the Over-allotment Option is not exercised):



Notes:

1. Wah Kwong Holdings is owned as to approximately 99.82% by Fortune Eagle Investments Limited ("Fortune Eagle"), a British Virgin Islands company. The issued share capital of Fortune Eagle is held by Gain Profession Consultancy Ltd., a British Virgin Islands company on trust for the partners of The G. Chao Family Limited Partnership ("Limited Partnership"), a Guernsey limited partnership in the ratio in which they currently share their interests in the Limited Partnership. The issued share capital of Fortune Eagle is therefore an asset of the Limited Partnership. The general partner of the Limited Partnership is Gain Profession Consultancy Ltd. ("General Partner"), and the limited partner is Rustem Limited, a British Virgin Islands company ("Limited Partner"). The General Partner has a 1% interest in the Limited Partnership and 99% of the Limited Partnership is held by the Limited Partner. The Limited Partner holds its interest in the Limited Partnership on trust for Cantrust (Far East) Limited, as the trustee of The New George S. K. Chao Trust, a British Virgin Islands discretionary trust, of which Chao George Sze Kwong is both the settlor and a discretionary beneficiary and the other beneficiaries of which are members of his family.

2. The three companies are Bright Time Holdings Limited, Great Era Investment Limited and Great Hope Enterprises Limited.

3. The three companies are Bradwell Shipping Company, Mellor Marine Limited and Wah Kwong Chartering Inc..

4. The six companies are Clear Mountain Shipping Limited, Ever Progress Trading Limited, New Pacific Shipping Limited, Chainhurst Limited, Winyield Investments Limited and Regal Land International Limited.

5. The two companies are Elegance Carriers, Inc. and Komati Shipping Limited.

6. The three companies are Bridgetower Limited, Wah Kwong Dockyard Limited and Wah Kwong Shanghai Development Company Limited.

7. The two companies are Cape Asia Newbuildings Limited and Cape Asia Newbuildings (II) Limited.

Principal steps taken to effect the Reorganisation

The principal transactions in relation to the Reorganisation are summarised below:

(a) On 8 October 2007, Wah Kwong Maritime Finance Limited was incorporated in the British Virgin Islands and on 9 October 2007, Wah Kwong Maritime Agency Company Limited was incorporated in Hong Kong. Both companies are wholly owned subsidiaries of the Company.

(b) By transfer dated 10 October 2007, Venture Enterprises Corporation transferred all of the issued share capital in each of Kriss Investments Company and Rosine Holdings S.A. to the Company. Following the transfers, Kriss Investments Company and Rosine Holdings S.A. became wholly owned subsidiaries of the Company.

(c) By transfers dated 12 November 2007, 14 November 2007 and 16 November 2007 respectively, Wah Kwong Newbuildings Limited transferred all of its interests in Bridgetower Limited, Chainhurst Limited and Pacific Kingdom Holdings Limited to Rosine Holdings S.A..

(d) By transfer dated 12 November 2007, Venture Enterprises Corporation transferred all of its interests in Wah Kwong Chartering Inc. to Rosine Holdings S.A..

(e) By transfer dated 13 November 2007, the initial subscriber in Winyield Investments Limited transferred all of its interests in Winyield Investments Limited to Rosine Holdings S.A..

(f) On 23 November 2007, Winyield Investments Limited issued one share to U-Ming Marine Transport (Singapore) Private Limited.

(g) On 30 November 2007:

    (i) Wah Kwong Newbuildings Limited assigned the benefit of each shareholder loan relating to Bright Time Holdings Limited, Great Era Investment Limited, Wah Kwong Satellite Technology Company Limited, Clear Mountain Shipping Limited, Ever Progress Trading Limited, New Pacific Shipping Limited and Wah Kwong Dockyard Limited to Wah Kwong Holdings; and

(ii) Venture Enterprises Corporation assigned the benefit of each shareholder loan relating to Great Hope Enterprises Limited and Wah Kwong Shanghai Development Company Limited to Wah Kwong Holdings.

(h) On 14 December 2007, Wah Kwong China Maritime Holdings Limited was incorporated in Hong Kong with the Company as its sole shareholder.

(i) On 17 January 2008, Buxton Investments S.A. was incorporated in Liberia as a non-resident domestic corporation with the initial subscriber as its sole shareholder. By transfer dated 17 January 2008, the initial subscriber transferred all of its interest in Buxton Investments S.A. to the Company.

(j) By transfer dated 24 January 2008, the Company transferred all of its interest in Wah Kwong China Maritime Holdings Limited to Buxton Investments S.A..

(k) On 1 February 2008, Wah Kwong Satellite Technology Company Limited issued 19,900 shares to Kriss Investments Company.

(l) By transfer dated 25 February 2008, Wah Kwong Newbuildings Limited transferred all of its interest in New Pacific Shipping Limited to Rosine Holdings S.A.;

(m) By transfer dated 28 February 2008, Wah Kwong Newbuildings Limited transferred all of its interest in Regal Land International Limited to Rosine Holdings S.A..

(n) On 31 March 2008, each of Great Hope Enterprises Limited, Great Era Investment Limited and Bright Time Holdings Limited issued shares to Kriss Investments Company and the relevant joint venture partner as described in the sub-section headed "Changes in Share Capital — Changes in the share capital of joint ventures" in this Appendix.

(o) By transfer dated 3 April 2008:

(i) Wah Kwong Newbuildings Limited transferred all of its interest in Bright Time Holdings Limited, Great Era Investment Limited and Wah Kwong Satellite Technology Company Limited to Kriss Investments Company; and

(ii) Venture Enterprises Corporation transferred all of its interest in Great Hope Enterprises Limited to Kriss Investments Company.

The consideration in respect of these transfers of the Wah Kwong Holdings Group's interest in the tanker Vessel Companies was satisfied by the creation of a non-interest bearing loan owing from Kriss Investments Company to Wah Kwong Newbuildings Limited and Venture Enterprises Corporation (as applicable).

(p) By transfer dated 3 April 2008:

(i) Wah Kwong Newbuildings Limited transferred all of its interest in Clear Mountain Shipping Limited, Ever Progress Trading Limited, Wah Kwong Dockyard Limited, Elegance Carriers, Inc., Komati Shipping Limited, Cape Asia Newbuildings Limited and Cape Asia Newbuildings (II) Limited to Rosine Holdings S.A.; and

(ii) Venture Enterprises Corporation transferred all of its interest in Mellor Marine Limited, Bradwell Shipping Company and Wah Kwong Shanghai Development Company Limited to Rosine Holdings S.A..

The consideration in respect of these transfers of the Wah Kwong Holdings Group's interest in the bulker Vessel Companies was satisfied by the creation of a non-interest bearing loan owing from Rosine Holdings S.A. to Wah Kwong Newbuildings Limited and Venture Enterprises Corporation (as applicable).

(q) On 3 April 2008:

(i) in connection with the transfer of Wah Kwong Newbuildings Limited's interest in Komati Shipping Limited, Elegance Carriers, Inc., Cape Asia Newbuildings Limited, Cape Asia Newbuildings (II) Limited to Rosine Holdings S.A. as described in paragraph (p)(i) above, Wah Kwong Newbuildings Limited assigned to Rosine Holdings S.A. the benefit of the shareholder loan relating to each of those Vessel Companies; and

(ii) in connection with the transfer of Venture Enterprise Corporation's interest in Bradwell Shipping Company and Mellor Marine Limited as described in paragraph (p)(ii) above, Venture Enterprises Corporation assigned to Rosine Holdings S.A. the benefit of the shareholder loan relating to each of those Vessel Companies.

The shareholder loans referred to in this paragraph (q) were assigned at face value. The consideration in respect of the assignment of these loans was satisfied by the creation of a non-interest bearing loan owing from Rosine Holdings S.A. to Wah Kwong Newbuildings Limited and Venture Enterprises Corporation (as applicable).

(r) On 3 April 2008, the benefit of the loans owing from each of Kriss Investments Company and Rosine Holdings S.A. to Wah Kwong Newbuildings Limited and Venture Enterprises Corporation as described in paragraphs (o), (p) and (q) above was assigned to Wah Kwong Holdings.

(s) On 3 April 2008, 華海(上海)國際貨運代理有限公司 (translated into English as "Hua Hai (Shanghai) International Freight Forwarding Company Limited" for identification purpose) was established in the PRC as a wholly-foreign owned enterprise whose registered capital is US$5,000,000.

(t) On 25 April 2008, Regal Land International Limited issued one share to Bocimar Hong Kong Limited.

(u) By transfer dated 25 April 2008, Wah Kwong Newbuildings Limited transferred all of its interest in Belvedere Capital Trading Ltd to Rosine Holdings S.A..

(v) On 15 May 2008, Wah Kwong Holdings assigned to the Company the benefit of each of the shareholder loans referred to in paragraph (g) above, being shareholder loans to the Hong Kong incorporated Vessel Companies. These loans were assigned at face value. The consideration in respect of the assignment of these loans remained outstanding as a non-interest bearing loan from the Company to Wah Kwong Holdings, to be satisfied by the allotment of Shares in the Company to Wah Kwong Holdings and the repayment of outstanding amounts as set out in the sub-section of this Appendix entitled "Reorganisation — Issue of Shares in the Company to Wah Kwong Holdings".

(w) On 15 May 2008;

(i) the Company assigned the benefit of each shareholder loan relating to Bright Time Holdings Limited, Great Era Investment Limited, Wah Kwong Satellite Technology Company Limited and Great Hope Enterprises Limited to Kriss Investments Company; and

(ii) the Company assigned the benefit of each shareholder loan relating to Clear Mountain Shipping Limited, Ever Progress Trading Limited, New Pacific Shipping Limited, Wah Kwong Dockyard Limited and Wah Kwong Shanghai Development Company Limited to Rosine Holding S.A..

(x) The financing arrangements with respect to each of Wah Kwong Satellite Technology Company Limited, Bright Time Holdings Limited, Great Era Investments Limited, Great Hope Enterprises Limited, Cape Asia Newbuildings Limited, Cape Asia Newbuildings (II) Limited, Bradwell Shipping Company, Mellor Marine Limited, Komati Shipping Limited, Elegance Carriers, Inc., Wah Kwong Chartering Inc. and Pacific Kingdom Holdings Limited were varied to reflect the Reorganisation. This included replacing security previously provided by Wah Kwong Newbuildings Limited and Venture Enterprises Corporation with security provided by Kriss Investments Company and Rosine Holdings S.A. and, in some cases, conditional on the Global Offering becoming unconditional, replacing guarantees previously provided by Wah Kwong Holdings with guarantees provided by the Company (Please refer to the sub-section entitled "Security provided by the Wah Kwong Maritime Group" in this Appendix below for more details).

Issue of Shares in the Company to Wah Kwong Holdings

In connection with the formation of the Group, conditional on the Listing Committee of the Hong Kong Stock Exchange granting approval of and permission to deal in the Shares and the Underwriting Agreements becoming unconditional, an aggregate of 374,999,900 new Shares will be issued to Wah Kwong Holdings prior to Listing as follows:

		Value
(a)	Wah Kwong Holdings assigns the benefit of each of the following loans to the Company in return for the issue of new Shares in the Company to it:	
	(i) the shareholder loans referred to in paragraph (g) under the sub-section headed "Further Information about the Company — Reorganisation — Principal steps taken to effect the Reorganisation" above, being shareholder loans to the Hong Kong incorporated Vessel Companies which were assigned to the Company on 15 May 2008 as described in paragraph (v) under the sub-section headed "Further Information about the Company — Reorganisation — Principal steps taken to effect the Reorganisation" above;	US$58,956,905.37
	(ii) the loans referred to in paragraphs (o) and (p) under the sub-section headed "Further Information about the Company — Reorganisation — Principal steps taken to effect the Reorganisation" above, being the aggregate amounts owing from Kriss Investments Company and Rosine Holdings S.A. to Wah Kwong Newbuildings Limited and Venture Enterprises Corporation as consideration for the transfer of the Wah Kwong Holdings Group's interest in the Vessel Companies to Kriss Investments Company and Rosine Holdings S.A., which were assigned to Wah Kwong Holdings on 3 April 2008 as described in paragraph (r) under the sub-section headed "Further Information about the Company — Reorganisation — Principal steps taken to effect the Reorganisation" above;	US$21,125,688.44

		Value
(iii)	the loans referred to in paragraph (q) under the sub-section headed "Further Information about the Company — Reorganisation — Principal steps taken to effect the Reorganisation" above, being the aggregate amounts owing from Rosine Holdings S.A. to Wah Kwong Newbuildings Limited and Venture Enterprises Corporation as consideration for the assignment of the shareholder loans to the non-Hong Kong incorporated Vessel Companies, which were assigned to Wah Kwong Holdings on 3 April 2008 as described in paragraph (r) under the sub-section headed "Further Information about the Company — Reorganisation — Principal steps taken to effect the Reorganisation" above; and	US$27,459,950.00
(iv)	advances from Wah Kwong Holdings to fund stage payments on behalf of the Vessel Companies.	US$32,700,000.00
Total		US$140,242,543.81

(b) The total consideration in respect of the assignment of the benefit of these loans to the Company of US$140,242,543.81 will be settled as follows: (i) as to US$92,759,843.44 (including the US$21,125,688.44 loan referred to in paragraph (a)(ii) above) by the allotment, issue and crediting as fully paid 374,999,900 new Shares prior to Listing; and (ii) the remaining US$47,482,700.37 remains outstanding as an amount due from the Company to Wah Kwong Holdings and will be repaid out of the proceeds from the Global Offering upon Listing.

Intercompany advances by Wah Kwong Holdings Group

As part of the Reorganisation, Wah Kwong Holdings and its subsidiaries have provided intercompany advances to the Company to ensure that it has sufficient funds available to establish the Wah Kwong Maritime Group's business operations and to enable it to provide working capital for the Wah Kwong Maritime Group.

These amounts are to be repaid by the Company prior to the Listing using amounts advanced by certain Vessel Companies in repayment of shareholder loans.

Value of Reorganisation

The consideration for the Reorganisation is as follows:

(a) The shareholder loans referred to in paragraph (g) under the sub-section headed "Further Information about the Company — Reorganisation — Principal steps taken to effect the Reorganisation" were assigned to Wah Kwong Holdings at face value. The aggregate consideration payable by Wah Kwong Holdings was US$58,956,905.37, with US$43,515,728.05 payable to Wah Kwong Newbuildings Limited and US$15,441,177.32 payable to Venture Enterprises Corporation.

(b) The shareholder loans referred to in paragraph (q) under the sub-section headed "Further Information about the Company — Reorganisation — Principal steps taken to effect the Reorganisation" were assigned at face value. The aggregate consideration of US$27,459,950 in respect of the assignment of these shareholder loans was satisfied by the creation of a non-interest bearing loan owing from Rosine Holdings S.A. to Wah Kwong Newbuildings Limited for US$13,759,950 and Venture Enterprises Corporation for US$13,700,000.

(c) The consideration for the transfer of the Wah Kwong Holdings Group's interest in the Vessel Companies was based on the net asset value of the relevant Vessel Companies as at 31 December 2007:

    (i) the aggregate consideration of US$186,851.35 in respect of the transfer of the Wah Kwong Holdings Group's interest in the tanker Vessel Companies in accordance with paragraph (o) under the sub-section headed "Further Information about the Company — Reorganisation — Principal steps taken to effect the Reorganisation" was satisfied by the creation of a non-interest bearing loan owing from Kriss Investments Company to Wah Kwong Newbuildings Limited for US$117,502.37 and to Venture Enterprises Corporation for US$69,348.98; and

    (ii) the aggregate consideration of US$20,938,837.09 in respect of the transfer of the Wah Kwong Holdings Group's interest in the bulker Vessel Companies in accordance with paragraph (p) under the sub-section headed "Further Information about the Company

— Reorganisation — Principal steps taken to effect the Reorganisation" was satisfied by the creation of a non-interest bearing loan owing from Rosine Holdings S.A. to Wah Kwong Newbuildings Limited for US$13,262,955.14 and to Venture Enterprises Corporation for US$7,675,881.95.

Security provided by the Wah Kwong Maritime Group

Replacement of security

In connection with the Reorganisation, conditional in some cases on the Global Offering becoming unconditional, guarantees that were provided by Wah Kwong Holdings to the ship builders, a charterer and financiers in respect of obligations of certain Vessel Companies were released and replaced with guarantees provided by the Company:

(a) On 6 March 2008, the Company agreed in favour of China Shipbuilding Trading Company Limited and Chengxi Shipyard Company Limited, conditional on the Global Offering becoming unconditional, to guarantee the obligations of Bridgetower Limited, Wah Kwong Dockyard Limited, Chainhurst Limited, Clear Mountain Shipping Limited, Ever Progress Trading Limited, Wah Kwong Chartering Inc. and Wah Kwong Shanghai Development Company Limited to make payments in respect of vessels that are being built by China Shipbuilding Trading Company, Limited and Chengxi Shipyard Company Limited. Each of Wealth Way Development Limited and Bocimar International NV have provided counter-indemnities in favour of the Company in respect of 50% of all responsibilities and liabilities incurred by the Company and any amounts paid by the Company to China Shipbuilding Trading Company, Limited and Chengxi Shipyard Company Limited in accordance with the guarantee for Chainhurst Limited, Clear Mountain Shipping Limited and Ever Progress Trading Limited (as applicable).

(b) The Company agreed to guarantee, conditional in some cases on the Global Offering becoming unconditional:

(i) 50% of the obligations of Bright Time Holdings Limited and the obligations of Wah Kwong Satellite Technology Company Limited under their respective loan agreements with HSH Nordbank AG on 31 March 2008;

(ii) 50% of the obligations of Great Era Investment Limited under its loan agreement with BNP Paribas, Nordea Bank Finland Plc, Singapore Branch and Deutsche Schiffsbank Aktiengesellschaft on 31 March 2008;

(iii) 50% of the obligations of Great Hope Enterprises Limited under its loan agreement with The Hongkong and Shanghai Banking Corporation Limited and Credit Suisse on 31 March 2008;

(iv) the obligations of each of Bradwell Shipping Company and Mellor Marine Limited under their respective loan agreements with Calyon on 3 April 2008;

(v) the obligations of Bridgetower Limited and Wah Kwong Chartering Inc. under their loan agreement with Calyon on 3 April 2008;

(vi) 50% of the obligations of each of Elegance Carriers, Inc. and Komati Shipping Limited under their respective loan agreements with Deutsche Schiffsbank Aktiengesellschaft on 3 April 2008; and

(vii) the obligations of Pacific Kingdom Holdings Limited under its loan agreement with BNP Paribas and Deutsche Schiffsbank Aktiengesellschaft on 3 April 2008.

(c) On 19 February 2008, conditional on the Global Offering becoming unconditional, the Company agreed in favour of The Sanko Steamship Co. Ltd, to guarantee the performance by Winyield Investments Limited of its obligations under the charter party between The Sanko Steamship Co. Ltd and Welwin Shipping Limited as novated to Winyield Investments Limited. U-Ming Marine Transport (Singapore) Private Limited has provided a counter indemnity in favour of the Company in respect of 50% of all responsibilities and liabilities incurred by the Company and any amounts paid by the Company to The Sanko Steamship Co. Ltd in accordance with its guarantee.

(d) On 6 March 2008, conditional on the Global Offering becoming unconditional, the Company guaranteed 50% of certain obligations of Winyeld Investments Limited to pay Welwin Shipping Limited for transfer of the vessel referred to in the sub-section of this prospectus entitled "Investments in Joint Ventures — Transfer of a vessel from the Wah Kwong Holdings Group to the Wah Kwong Maritime Group".

(e) In addition, Kriss Investments Company and Rosine Holdings S.A. have assumed the obligations of Wah Kwong Newbuildings Limited and Venture Enterprises Corporation to provide security to financiers in respect of the obligations of certain Vessel Companies under their loan documents. This includes a charge by Kriss Investments Company in favour of the relevant financiers of its shares in Great Era Investment Limited and Great Hope Enterprises Limited and a charge by Rosine Holdings S.A. in favour of the relevant financiers of its shares in Bradwell Shipping Company, Cape Asia Newbuildings Limited, Cape Asia Newbuildings (II) Limited and Mellor Marine Limited. Rosine Holdings S.A. has also provided letters of comfort to BNP Paribas for Cape Asia Newbuildings Limited and Cape Asia Newbuildings (II) Limited under which it has undertaken jointly with the other shareholders in each to ensure these companies have sufficient financial resources.

New security

The Company has agreed or intends to guarantee the obligations of the following Vessel Companies:

(a) the Company has agreed to guarantee 50% of the obligations of New Pacific Shipping Limited under its loan agreement with Calyon on 26 February 2008. Rosine Holdings S.A. has also entered into a charge in favour of Calyon of its shares in New Pacific Shipping Limited;

(b) the Company has agreed to guarantee the obligations of Regal Land International Limited under its loan agreement with Nordea Bank Finland Plc, Singapore Branch and Deutsche Schiffsbank Aktiengesellschaft on 8 May 2008. This guarantee is given jointly with Wah Kwong Holdings until Listing when Wah Kwong Holdings will be released of its obligations. Bocimar Hong Kong Limited and Drylog Bulkcarriers Ltd. have agreed that they will severally guarantee 25% each of the obligations of Regal Land International Limited. This is still subject to bank approval and documentation. However, upon this becoming effective, the Company will be released of its obligations with regard to 50% of Regal Land International Limited's obligations under this loan agreement. Rosine Holdings S.A. has also entered into a charge in favour of Nordea Bank Finland Plc, Singapore Branch and Deutsche Schiffsbank Aktiengesellschaft of its shares in Regal Land International Limited; and

(c) the Company intends to guarantee 50% of the obligations of Winyield Investments Limited once a loan agreement is formalised with Deutsche Schiffsbank Aktiengesellschaft pursuant to a commitment to lend dated 2 November 2007. Deutsche Schiffsbank Aktiengesellschaft has confirmed that the Company may provide the guarantee in place of Wah Kwong Holdings.

Termination of Commercial Management Agreement

In connection with the Reorganisation, on 10 March 2008 WKS Management and Great Era Investment Limited terminated a commercial management agreement that they had entered into on 20 June 2003. Great Era Investment Limited and the shareholders of Great Era Investment Limited, being Kriss Investments Company and Overseas Shipping Pte. Ltd., have agreed in their Amended and Restated Shareholders' Agreement that, upon expiry of the existing time charter party, Great Era Investment Limited will enter into a commercial management agreement appointing a Wah Kwong Maritime Group entity as the commercial manager.

2. OUR SUBSIDIARIES AND JOINT VENTURES

A. Investments in Subsidiaries

The Company's subsidiaries are set out in the Accountants' Report set out in Appendix I to this prospectus. These subsidiaries are established in Hong Kong, Liberia, the British Virgin Islands and the PRC respectively. Set out below is a summary of the corporate information of these subsidiaries:

(1) *Companies incorporated in Hong Kong*

(i) **Bridgetower Limited**

Date of Incorporation	:	12 June 1981
Nature	:	private company limited by shares
Authorised Share Capital	:	HK$1,000
Issued Share Capital	:	HK$1,000
Shareholders	:	Rosine Holdings S.A. as to 999 shares Kriss Investments Company as to 1 share which it holds on trust for Rosine Holdings S.A.

(ii) **Wah Kwong China Maritime Holdings Limited**

Date of incorporation	:	14 December 2007
Nature	:	private company limited by shares
Authorised Share Capital	:	HK$10,000
Issued share capital	:	HK$1
Sole shareholder	:	Buxton Investments S.A.

(iii) **Wah Kwong Dockyard Limited**

Date of Incorporation	:	16 May 1989
Nature	:	private company limited by shares
Authorised Share Capital	:	HK$10,000
Issued Share Capital	:	HK$2
Shareholders	:	Rosine Holdings S.A. as to 1 share Kriss Investments Company as to 1 share which it holds on trust for Rosine Holdings S.A.

(iv) **Wah Kwong Maritime Agency Company Limited**

Date of Incorporation	:	9 October 2007
Nature	:	private company limited by shares
Authorised Share Capital	:	HK$10,000
Issued Share Capital	:	HK$1
Sole shareholder	:	Wah Kwong Maritime Transport Holdings Limited

(v) **Wah Kwong Satellite Technology Company Limited**

Date of Incorporation	:	9 June 1992
Nature	:	private company limited by shares
Authorised Share Capital	:	HK$20,000
Issued Share Capital	:	HK$20,000
Shareholders	:	Kriss Investments Company as to 19,999 shares Rosine Holdings S.A. as to 1 share which it holds on trust for Kriss Investments Company

(vi) **Wah Kwong Shanghai Development Company Limited**

Date of Incorporation	:	22 April 1993
Nature	:	private company limited by shares
Authorised Share Capital	:	HK$10,000
Issued Share Capital	:	HK$2
Shareholders	:	Rosine Holdings S.A. as to 1 share Kriss Investments Company as to 1 share which it holds on trust for Rosine Holdings S.A.

(2) *Companies incorporated in Liberia*

(i) **Bradwell Shipping Company**

Date of Incorporation	:	8 October 2004
Nature	:	a non-resident domestic corporation
Authorised Share Capital	:	500 (no par value)
Issued Share Capital	:	1
Sole shareholder	:	Rosine Holdings S.A.

(ii) **Buxton Investments S.A.**

Date of incorporation	:	17 January 2008
Nature	:	a non-resident domestic corporation
Authorised Share Capital	:	500 (no par value)
Issued share capital	:	1
Sole shareholder	:	Wah Kwong Maritime Transport Holdings Limited

(iii) **Kriss Investments Company**

Date of Incorporation	:	8 May 2007
Nature	:	a non-resident domestic corporation
Authorised Share Capital	:	500 (no par value)
Issued Share Capital	:	2
Sole shareholder	:	Wah Kwong Maritime Transport Holdings Limited

(iv) **Mellor Marine Limited**

Date of Incorporation	:	8 October 2004
Nature	:	a non-resident domestic corporation
Authorised Share Capital	:	500 (no par value)
Issued Share Capital	:	1
Sole shareholder	:	Rosine Holdings S.A.

(v) **Rosine Holdings S.A.**

Date of Incorporation	:	8 May 2007
Nature	:	a non-resident domestic corporation
Authorised Share Capital	:	500 (no par value)
Issued Share Capital	:	2
Sole shareholder	:	Wah Kwong Maritime Transport Holdings Limited

(vi) **Wah Kwong Chartering Inc.**

Date of Incorporation	:	4 August 1964
Nature	:	a non-resident domestic corporation
Authorised Share Capital	:	500 (no par value)
Issued Share Capital	:	500
Sole shareholder	:	Rosine Holdings S.A.

(3) *Companies incorporated in the British Virgin Islands*

(i) **Pacific Kingdom Holdings Limited**

Date of Incorporation	:	12 October 2006
Nature	:	company limited by shares
Authorised Share Capital	:	US$50,000
Issued Share Capital	:	US$1 share
Sole shareholder	:	Rosine Holdings S.A.

(ii) **Wah Kwong Maritime Finance Limited**

Date of Incorporation	:	8 October 2007
Nature	:	company limited by shares
Authorised Share Capital	:	US$50,000
Issued Share Capital	:	US$1 share
Sole shareholder	:	Wah Kwong Maritime Transport Holdings Limited

(4) *Company incorporated in the PRC*

華海(上海)國際貨運代理有限公司 (translated into English as "Hua Hai (Shanghai) International Freight Forwarding Company Limited" for identification purpose)

Date of Establishment	:	3 April 2008
Nature	:	wholly-foreign owned enterprise
Registered Capital	:	US$5,000,000
Paid up capital	:	US$750,000
Sole shareholder	:	Wah Kwong China Maritime Holdings Limited

B. **Investments in Joint Ventures**

In addition to the subsidiaries set out above, the Company also has interests in the following joint venture companies:

No.	Name of Joint Venture Company	Name of Joint Venture Partner(s)	Place of incorporation	Interest held by the Company or its subsidiary
1.	Belvedere Capital Trading Ltd	Bocimar Hong Kong Limited/ Drylog Bulkcarriers Ltd *(Note 1)*	British Virgin Islands	50%
2.	Bright Time Holdings Limited	CMB NV	Hong Kong	50%
3.	Chainhurst Limited	Wealth Way Development Limited	Hong Kong	50%
4.	Clear Mountain Shipping Limited	Bocimar Hong Kong Limited	Hong Kong	50%
5.	Ever Progress Trading Limited	Bocimar Hong Kong Limited	Hong Kong	50%
6.	Great Era Investment Limited	Overseas Shipping Private Limited *(Note 2)*	Hong Kong	50%
7.	Great Hope Enterprises Limited	Euronav NV	Hong Kong	50%
8.	New Pacific Shipping Limited	Wealth Way Development Limited	Hong Kong	50%
9.	Regal Land International Limited	Bocimar Hong Kong Limited/ Drylog Bulkcarriers Ltd *(Note 1)*	Hong Kong	50%
10.	Winyield Investments Limited	U-Ming Marine Transport (Singapore) Private Limited	Hong Kong	50%
11.	Elegance Carriers, Inc.	U-Ming Marine Transport (Singapore) Private Limited	Liberia	50%
12.	Komati Shipping Limited	Bocimar Hong Kong Limited	Liberia	50%
13.	Cape Asia Newbuildings Limited	• Regal Navigation, Ltd. • Kappa Navigation Corporation Limited • TCM Limited • U-Ming Marine Transport (Singapore) Private Limited • Grand View Investments Limited	Marshall Islands	16.7%

No.	Name of Joint Venture Company	Name of Joint Venture Partner(s)	Place of incorporation	Interest held by the Company or its subsidiary
14.	Cape Asia Newbuildings (II) Limited	• Regal Navigation, Ltd. • Kappa Navigation Corporation Limited • TCM Limited • U-Ming Marine Transport (Singapore) Private Limited • Grand View Investments Limited	Marshall Islands	16.7%

Further information on the Company's investments in the joint ventures are set out in the section headed "Investments in Joint Ventures" in this prospectus.

Notes:

1. *Each of Belvedere Capital Trading Ltd and Regal Land International Limited are jointly controlled by Rosine Holdings S.A., a wholly-owned subsidiary of the Company and a special purpose vehicle which is a 50:50 joint venture between Bocimar Hong Kong Limited and Drylog Bulkcarriers Ltd.*

2. *Overseas Shipping Private Limited is a subsidiary of U-Ming Marine Transport Corporation, a company listed on the Taipei Stock Exchange.*

C. Changes in Share Capital

(1) *Changes in the share capital of subsidiaries*

The following sets out the changes to the share capital of the relevant subsidiaries within the two years preceding the date of this prospectus:

(a) *Bradwell Shipping Company*

By transfer dated 3 April 2008, 1 share was transferred from Venture Enterprises Corporation to Rosine Holdings S.A. at a consideration of US$4,035,635.34.

(b) *Bridgetower Limited*

(i) By transfer dated 12 November 2007, 99 shares of HK$10 each were transferred from Wah Kwong Newbuildings Limited to Rosine Holdings S.A. at a consideration of HK$990.

(ii) On 12 November 2007, 1 share of HK$10 was transferred from Equitable Sea Transportation Corp. to Kriss Investments Company at a consideration of HK$10, which it holds on trust for Rosine Holdings S.A..

(c) *Buxton Investments S.A.*

(i) On 17 January 2008, Buxton Investments S.A. was incorporated in Liberia as a non-resident domestic corporation with an authorised capital of 500 shares without par value and 1 share was allotted and issued to the initial subscriber.

(ii) By transfer dated 17 January 2008, 1 share was transferred from the initial subscriber to the Company at a consideration of US$1.

(d) *Kriss Investments Company*

(i) On 8 May 2007, Kriss Investments Company was incorporated in Liberia as a non-resident domestic corporation with an authorised capital of 500 shares without par value and 2 shares were allotted and issued to the initial subscribers.

(ii) By transfer dated 8 May 2007, 2 shares were transferred from the initial subscribers to Venture Enterprises Corporation at a consideration of US$2.

(iii) On 10 October 2007, 2 shares were transferred from Venture Enterprises Corporation to the Company at a consideration of US$2.

(e) *Mellor Marine Limited*

By transfer dated 3 April 2008, 1 share was transferred from Venture Enterprises Corporation to Rosine Holdings S.A. at a consideration of US$3,640,246.35.

(f) *Pacific Kingdom Holdings Limited*

(i) On 12 October 2006, Pacific Kingdom Holdings Limited was incorporated in the British Virgin Island as a company limited by shares with an authorised capital of US$50,000 and on 26 October 2006, 1 share of US$1 was allotted and issued to Wah Kwong Newbuildings Limited as the initial subscriber.

(ii) On 16 November 2007, 1 share of US$1 was transferred from Wah Kwong Newbuildings Limited to Rosine Holdings S.A. at a consideration of US$1.

(g) *Rosine Holdings S.A.*

(i) On 8 May 2007, Rosine Holdings S.A. was incorporated in Liberia as a non-resident domestic corporation with an authorised capital of 500 shares without par value and 2 shares were allotted and issued to the initial subscribers.

(ii) By transfer dated 8 May 2007, 2 shares were transferred from the initial subscribers to Venture Enterprises Corporation at a consideration of US$2.

(iii) On 10 October 2007, 2 shares were transferred from Venture Enterprises Corporation to the Company at a consideration of US$2.

(h) *Wah Kwong Chartering Inc.*

By transfer dated 12 November 2007, 500 shares were transferred from Venture Enterprises Corporation to Rosine Holdings S.A. at a consideration of US$500.

(i) *Wah Kwong China Maritime Holdings Limited*

(i) On 14 December 2007, Wah Kwong China Maritime Holdings Limited was incorporated in Hong Kong as a private company limited by shares with an authorised capital of HK$10,000 and 1 share of HK$1 was allotted and issued to the Company as the initial subscriber.

(ii) By transfer dated 24 January 2008, 1 share was transferred from the Company to Buxton Investments S.A. at a consideration of HK$1.

(j) *Wah Kwong Dockyard Limited*

(i) By transfer dated 3 April 2008, 1 share of HK$1 was transferred from Wah Kwong Newbuildings Limited to Rosine Holdings S.A. at a consideration of US$0.13.

(ii) By transfer dated 3 April 2008, 1 share of HK$1 was transferred from Equitable Sea Transportation Corp. to Kriss Investments Company at a consideration of US$0.13, which it holds on trust for Rosine Holdings S.A..

(k) *Wah Kwong Maritime Agency Company Limited*

On 9 October 2007, Wah Kwong Maritime Agency Company Limited was incorporated in Hong Kong as a private company limited by shares with an authorised capital of HK$10,000 and 1 share of HK$1 was allotted and issued to the Company as the initial subscriber.

(l) *Wah Kwong Maritime Finance Limited*

On 8 October 2007, Wah Kwong Maritime Finance Limited was incorporated in the British Virgin Islands as a company limited by shares with an authorised capital of US$50,000 and 1 share of US$1 was allotted and issued to the Company as the initial subscriber.

(m) *Wah Kwong Satellite Technology Company Limited*

(i) On 1 February 2008, the authorised share capital of Wah Kwong Satellite Technology Company Limited was increased to HK$20,000 divided into 20,000 shares of HK$1 each.

(ii) On 1 February 2008, 19,900 shares of HK$1 each were allotted and issued at par value to Kriss Investments Company.

(iii) By transfer dated 3 April 2008, 99 shares of HK$1 each were transferred from Wah Kwong Newbuildings Limited to Kriss Investments Company at a consideration of US$49,138.6328.

(iv) By transfer dated 3 April 2008, 1 share of HK$1 was transferred from Equitable Sea Transportation Corp. to Rosine Holdings S.A. at a consideration of US$496.3498, which it holds on trust for Kriss Investments Company.

(n) *Wah Kwong Shanghai Development Company Limited*

(i) By transfer dated 3 April 2008, 1 share of HK$1 was transferred from Venture Enterprises Corporation to Rosine Holdings S.A. at a consideration of US$0.13.

(ii) By transfer dated 3 April 2008, 1 share of HK$1 was transferred from Equitable Sea Transportation Corp. to Kriss Investments Company at a consideration of US$0.13, which it holds on trust for Rosine Holdings S.A..

(2) ***Changes in the share capital of joint ventures***

The following set out the changes to the share capital of the relevant joint ventures of the Company within the two years preceding the date of this prospectus:

(a) *Belvedere Capital Trading Ltd*

(i) On 26 October 2006, Belvedere Capital Trading Ltd was incorporated in the British Virgin Islands as a company limited by shares with an authorised capital of 50,000 shares with no par value and 1 share was allotted and issued to each of Wah Kwong Newbuildings Limited and Bocimar Hong Kong Limited.

(ii) By transfer dated 25 April 2008, 1 share was transferred from Wah Kwong Newbuildings Limited to Rosine S.A. at a consideration of US$1.

(iii) By transfer dated 30 April 2008, 1 share was transferred from Bocimar Hong Kong Limited to Ocean Dream Limited at a consideration of US$1.

(b) *Bright Time Holdings Limited*

(i) On 31 March 2008, 199 shares of HK$1 each were allotted and issued at par value to each of Kriss Investments Company and CMB NV.

(ii) By transfer dated 3 April 2008, 1 share of HK$1 was transferred from Wah Kwong Newbuildings Limited to Kriss Investments Company at a consideration of US$3,304.6769.

(c) *Cape Asia Newbuildings Limited*

By transfer dated 3 April 2008, 50 shares were transferred from Wah Kwong Newbuildings Limited to Rosine Holdings S.A. at a consideration of US$1,219,452.2567.

(d) *Cape Asia Newbuildings (II) Limited*

By transfer dated 3 April 2008, 50 shares were transferred from Wah Kwong Newbuildings Limited to Rosine Holdings S.A. at a consideration of US$567,201.6467.

(e) *Chainhurst Limited*

(i) By transfer dated 13 November 2007, 50 shares of HK$10 each were transferred from Wah Kwong Newbuildings Limited to Wealth Way Development Limited at a consideration of HK$500.

(ii) On 13 November 2007, 1 share of HK$10 was transferred from Equitable Sea Transportation Corp. to Wah Kwong Newbuildings Limited at a consideration of HK$10.

(iii) By transfer dated 14 November 2007, 50 shares of HK$10 each were transferred from Wah Kwong Newbuildings Limited to Rosine Holdings S.A. at a consideration of HK$500.

(f) *Clear Mountain Shipping Limited*

(i) By transfer dated 16 July 2007, 49 shares of HK$10 each were transferred from Wah Kwong Newbuildings Limited to Bocimar Hong Kong Limited at a consideration of HK$490 and 1 share of HK$10 was transferred from Equitable Sea Transportation Corp. to Bocimar Hong Kong Limited at a consideration of HK$10.

(ii) By transfer dated 3 April 2008, 50 shares of HK$10 were transferred from Wah Kwong Newbuildings Limited to Rosine Holdings S.A. at a consideration of US$1.

(g) *Elegance Carriers, Inc.*

By transfer dated 3 April 2008, 500 shares were transferred from Wah Kwong Newbuildings Limited to Rosine Holdings S.A. at a consideration of US$4,706,125.11.

(h) *Ever Progress Trading Limited*

(i) By transfer dated 16 July 2007, 1 share of HK$1 was transferred from Equitable Sea Transportation Corp. to Bocimar Hong Kong Limited at a consideration of HK$1.

(ii) By transfer dated 3 April 2008, 1 share of HK$1 was transferred from Wah Kwong Newbuildings Limited to Rosine Holdings S.A. at a consideration of US$1.

(i) *Great Era Investment Limited*

(i) On 31 March 2008, 199 shares of HK$1 each were allotted and issued at par value to each of Kriss Investments Company and Overseas Shipping Pte Ltd.

(ii) By transfer dated 3 April 2008, 1 share of HK$1 was transferred from Wah Kwong Newbuildings Limited to Kriss Investments Company at a consideration of US$64,562.7056.

(iii) By transfer dated 15 April 2008, 1 share of HK$1 was transferred from U-Ming Marine Transport (Singapore) Private Limited to Overseas Shipping Private Limited at a consideration of US$12,912,791.

(j) *Great Hope Enterprises Limited*

(i) By transfer dated 27 December 2006, 1 share of HK$1 was transferred from Euronav Luxembourg SA to Euronav NV at a consideration of US$6,539,655.31.

(ii) On 31 March 2008, 199 shares of HK$1 each were allotted and issued at par value to each of Euronav NV and Kriss Investments Company.

(iii) By transfer dated 3 April 2008, 1 share of HK$1 was transferred from Venture Enterprises Corporation to Kriss Investments Company at a consideration of US$69,348.9806.

(k) *Komati Shipping Limited*

(i) By transfer dated 1 July 2007, 250 shares were transferred from Bocimar Far East Holdings Limited to Bocimar Hong Kong Limited at a consideration of US$25,000.

(ii) By transfer dated 3 April 2008, 250 shares were transferred from Wah Kwong Newbuildings Limited to Rosine Holdings S.A. at a consideration of US$6,770,172.87.

(l) *New Pacific Shipping Limited*

(i) On 4 July 2006, New Pacific Shipping Limited was incorporated in Hong Kong as a private company limited by shares with an authorised capital of HK$10,000 and 1 share of HK$1 was issued to the initial subscriber.

(ii) On 11 May 2007, 1 share of HK$1 was transferred from the initial subscriber to Wah Kwong Newbuildings Limited at a consideration of HK$1.

(iii) On 8 June 2007, 1 share of HK$1 was allotted and issued at par value to Wealth Way Development Limited.

(iv) By transfer dated 25 February 2008, 1 share of HK$1 was transferred from Wah Kwong Newbuildings Limited to Rosine Holdings S.A. at a consideration of US$1.

(m) *Regal Land International Limited*

(i) On 23 October 2006, Regal Land International Limited was incorporated in Hong Kong as a private company limited by shares with an authorised capital of HK$10,000 and 1 share of HK$1 was allotted and issued to the initial subscriber.

(ii) By transfer dated 26 October 2006, 1 share of HK$1 was transferred from the initial subscriber to Wah Kwong Newbuildings Limited at a consideration of HK$1.

(iii) By transfer dated 28 February 2008, 1 share of HK$1 was transferred from Wah Kwong Newbuildings Limited to Rosine Holdings S.A. at a consideration of HK$1.

(iv) On 25 April 2008, 1 share of HK$1 was issued and allotted at par value to Bocimar Hong Kong Limited.

(v) By transfer dated 7 May 2008, 1 share of HK$1 was transferred from Bocimar Hong Kong Limited to Ocean Dream Limited at a consideration of HK$1.

(n) *Winyield Investments Limited*

(i) On 2 October 2007, Winyield Investments Limited was incorporated in Hong Kong as a private company limited by shares with an authorised capital of HK$10,000 and 1 share of HK$1 was allotted and issued to the initial subscriber.

(ii) By transfer dated 13 November 2007, 1 share of HK$1 was transferred from the initial subscriber to Rosine Holdings S.A. at a consideration of HK$1.

(iii) On 23 November 2007, 1 share of HK$1 was allotted and issued to U-Ming Marine Transport (Singapore) Private Limited.

Save as disclosed above, there has been no alteration in the share/registered capital of any of our subsidiaries or joint venture companies within the two years preceding the date of this prospectus.

3. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Material Contracts

The following contracts, not being contracts in the ordinary course of business, have been entered into by us and/or other members of the Group within the two years immediately preceding the date of this prospectus and are or may be material:

(1) in relation to Kriss Investments Company:

(a) an instrument of transfer dated 10 October 2007 between Venture Enterprises Corporation as transferor and the Company as transferee whereby Venture Enterprises Corporation transferred 2 shares in the issued share capital of Kriss Investments Company at a consideration of US$2 to the Company; and

(b) one set of bought and sold notes dated 10 October 2007 between the Company as purchaser and Venture Enterprises Corporation as seller in respect of the transfer referred to in (a) above;

(2) in relation to Rosine Holdings S.A.:

(a) an instrument of transfer dated 10 October 2007 between Venture Enterprises Corporation as transferor and the Company as transferee whereby Venture Enterprises Corporation transferred 2 shares in the issued share capital of Rosine Holdings S.A. at a consideration of US$2 to the Company; and

(b) one set of bought and sold notes dated 10 October 2007 between the Company as purchaser and Venture Enterprises Corporation as seller in respect of the transfer referred to in (a) above;

(3) in relation to various Vessel Companies:

(a) three instruments of transfer between Wah Kwong Newbuildings Limited as transferor and Rosine Holdings S.A. as transferee whereby Wah Kwong Newbuildings Limited transferred shares in certain Vessel Companies to Rosine Holdings S.A.. Names of the relevant Vessel Companies, consideration and the dates on which such transfer occurred are set out below:

Company	Number of share(s)	Value per share	Consideration	Date
(i) Bridgetower Limited	99	HK$10	HK$990	12 November 2007
(ii) Chainhurst Limited	50	HK$10	HK$500	14 November 2007
(iii) Pacific Kingdom Holdings Limited	1	US$1	US$1	16 November 2007

(b) three sets of bought and sold notes between Rosine Holdings S.A. as purchaser and Wah Kwong Newbuildings Limited as seller in relation to the transfers referred to in paragraph (a) above respectively;

(4) in relation to Bridgetower Limited:

(a) an instrument of transfer dated 12 November 2007 between Equitable Sea Transportation Corp. as transferor and Kriss Investments Company as transferee whereby Equitable Sea Transportation Corp. transferred 1 share of HK$10 in the issued share capital of Bridgetower Limited at a consideration of HK$10 to Kriss Investments Company, which it holds on trust for Rosine Holdings S.A.; and

(b) one set of bought and sold notes dated 12 November 2007 between Kriss Investments Company as purchaser and Equitable Sea Transportation Corp. as seller in respect of the transfer referred to in (a) above;

(5) in relation to Wah Kwong Chartering Inc.:

(a) an instrument of transfer dated 12 November 2007 between Venture Enterprises Corporation as transferor and Rosine Holdings S.A. as transferee whereby Venture Enterprises Corporation transferred 500 shares in the issued share capital of Wah Kwong Chartering Inc. at a consideration of US$500 to Rosine Holdings S.A.; and

(b) one set of bought and sold notes dated 12 November 2007 between Rosine Holdings S.A. as purchaser and Venture Enterprises Corporation as seller in respect of the transfer referred to in (a) above;

(6) in relation to Winyield Investments Limited:

(a) an instrument of transfer dated 13 November 2007 between Victon Services Limited as transferor and Rosine Holdings S.A. as transferee whereby Victon Services Limited transferred 1 share of HK$1 in the issued share capital of Winyield Investments Limited at a consideration of HK$1 to Rosine Holdings S.A.; and

(b) one set of bought and sold notes dated 13 November 2007 between Rosine Holdings S.A. as purchaser and Victon Services Limited as seller in respect of the transfer referred to in (a) above.

(7) a share subscription deed in relation to Great Hope Enterprises Limited dated 20 February 2008 between Great Hope Enterprises Limited, Euronav NV, Euronav Luxemburg S.A., Venture Enterprises Corporation and Kriss Investments Company which, amongst other things, provided that each of Euronav NV and Kriss Investments Company would subscribe for 199 shares in Great Hope Enterprises Limited at par and that Euronav NV and Kriss Investments Company would accede to the shareholders' agreement in respect of Great Hope Enterprises Limited.

(8) a share subscription deed in relation to Bright Time Holdings Limited dated 20 February 2008 between Bright Time Holdings Limited, CMB NV, Kriss Investments Company and Wah Kwong Newbuildings Limited which, amongst other things, provided that each of CMB NV and Kriss Investments Company would subscribe for 199 shares in Bright Time Holdings Limited at par and that Kriss Investments Company would accede to the shareholders' agreement in respect of Bright Time Holdings Limited.

(9) in relation to Regal Land International Limited:

(a) an instrument of transfer dated 28 February 2008 entered into between Wah Kwong Newbuildings Limited as transferor and Rosine Holdings S.A. as transferee whereby Wah Kwong Newbuildings transferred 1 share of HK$1 in the issued share capital of Regal Land International Limited at a consideration of HK$1 to Rosine Holdings S.A.; and

(b) one set of bought and sold notes dated 28 February 2008 between Rosine Holdings S.A. as purchaser and Wah Kwong Newbuildings Limited as seller in respect of the transfer referred to in (a) above.

(10) an asset transfer agreement dated 29 February 2008 entered into between Wah Kwong Maritime Agency Company Limited, Wah Kwong Shipping Group Limited and Wah Kwong Shipping Agency Company Limited in respect of, amongst other things, the transfer of employees and 2 motor vehicles from Wah Kwong Shipping Agency Company Limited and Wah Kwong Shipping Group Limited to Wah Kwong Maritime Agency Company Limited. The aggregate consideration paid by Wah Kwong Maritime Agency Company Limited in respect of the motor vehicles pursuant to this agreement was HK$1,124,100;

(11) a share subscription deed in relation to Great Era Investment Limited dated 31 March 2008 between Great Era Investment Limited, Kriss Investments Company, Overseas Shipping Private Limited, U-Ming Marine Transport (Singapore) Private Limited and Wah Kwong Newbuildings Limited which, amongst other things, provided that each of Overseas Shipping Private Limited and Kriss Investments Company would subscribe for an additional 199 shares in Great Era Investment Limited at par and that Overseas Shipping Private Limited and Kriss Investments Company would accede to the shareholders' agreement in respect of Great Era Investment Limited.

(12) a sale and purchase agreement dated 31 March 2008 between Wah Kwong Newbuildings Limited, Venture Enterprises Corporation and Kriss Investments Company whereby Kriss Investments Company acquired:

(a) one share of HK$1 in the issued share capital of Great Hope Enterprises Limited from Venture Enterprises Corporation at a consideration of US$69,348.9806; and

(b) from Wah Kwong Newbuildings Limited (i) one share of HK$1 in the issued share capital of Bright Time Holdings Limited at a consideration of US$3,304.6769; (ii) one

share of HK$1 in the issued share capital of Great Era Investment Limited at a consideration of US$64,562.7056; and (iii) one hundred issued shares of HK$1 each in the issued share capital of Wah Kwong Satellite Technology Company Limited at a consideration of US$49,634.9826,

and the associated instruments of transfer and bought and sold notes as set out below:

(i) in relation to the share transfer referred to in paragraph 12(a):

(aa) an instrument of transfer dated 3 April 2008 entered into between Venture Enterprises Corporation as transferor and Kriss Investments Company as transferee; and

(bb) a set of bought and sold notes dated 3 April 2008 between Venture Enterprises Corporation as seller and Kriss Investments Company as purchaser;

(ii) in relation to the share transfer referred to in paragraph 12(b)(i):

(aa) an instrument of transfer dated 3 April 2008 entered into between Wah Kwong Newbuildings Limited as transferor and Kriss Investments Company as transferee; and

(bb) a set of bought and sold notes dated 3 April 2008 entered into between Wah Kwong Newbuildings Limited as seller and Kriss Investments Company as purchaser;

(iii) in relation to the share transfer referred to in paragraph 12(b)(ii):

(aa) an instrument of transfer dated 3 April 2008 entered into between Wah Kwong Newbuildings Limited as transferor and Kriss Investments Company as transferee; and

(bb) a set of bought and sold notes dated 3 April 2008 between Wah Kwong Newbuildings Limited as seller and Kriss Investments Company as purchaser;

(iv) in relation to the share transfer referred to in paragraph 12(b)(iii):

(aa) an instrument of transfer dated 3 April 2008 between Wah Kwong Newbuildings Limited as transferor and Kriss Investments Company Limited as transferee in respect of 99 shares in Wah Kwong Satellite Technology Company Limited at the consideration of US$49,138.6328; and

(bb) a set of bought and sold notes dated 3 April 2008 entered into between Wah Kwong Newbuildings Limited as seller and Kriss Investments Company as purchaser in respect of the transfer referred to in paragraph (aa) above.

(cc) an instrument of transfer dated 3 April 2008 entered into between Equitable Sea Transportation Corp. as transferor and Rosine Holdings S.A. as transferee in respect of one share in Wah Kwong Satellite Technology Company Limited at the consideration of US$496.3498; and

(dd) a set of bought and sold notes dated 3 April 2008 entered into between Equitable Sea Transportation Corp. as seller and Rosine Holdings S.A. as purchaser in respect of the transfer referred to in paragraph (cc) above;

(13) a sale and purchase agreement dated 31 March 2008 between Wah Kwong Newbuildings Limited, Venture Enterprises Corporation and Rosine Holdings S.A. whereby Rosine Holdings S.A. acquired:

(a) 50 shares of HK$10 each in the issued share capital of Clear Mountain Shipping Limited from Wah Kwong Newbuildings Limited at a consideration of US$1;

(b) one share of HK$1 in the issued share capital of each of (i) Ever Progress Trading Limited and (ii) New Pacific Shipping Limited from Wah Kwong Newbuildings Limited at a consideration of US$1 and US$1 respectively;

(c) two shares of HK$1 each in the issued share capital of Wah Kwong Dockyard Limited from Wah Kwong Newbuildings Limited at a consideration of US$0.26; and

(d) two shares of HK$1 each in the issued share capital of Wah Kwong Shanghai Development Company Limited from Venture Enterprises Corporation at a consideration of US$0.26,

and the associated instruments of transfer and bought and sold notes as set out below:

(i) in relation to the share transfer referred to in paragraph 13(a):

(aa) an instrument of transfer dated 3 April 2008 between Wah Kwong Newbuildings Limited as transferor and Rosine Holdings S.A. as transferee; and

(bb) a set of bought and sold notes dated 3 April 2008 between Wah Kwong Newbuildings Limited as seller and Rosine Holdings S.A. as purchaser;

(ii) in relation to the share transfer referred to in paragraph 13(b)(i):

(aa) an instrument of transfer dated 3 April 2008 between Wah Kwong Newbuildings Limited as transferor and Rosine Holdings S.A. as transferee; and

(bb) a set of bought and sold notes dated 3 April 2008 between Wah Kwong Newbuildings Limited as seller and Rosine Holdings S.A. as purchaser;

(iii) in relation to the share transfer referred to in paragraph 13(b)(ii):

(aa) an instrument of transfer dated 25 February 2008 between Wah Kwong Newbuildings Limited as transferor and Rosine Holdings S.A. as transferee; and

(bb) a set of bought and sold notes dated 25 February 2008 between Wah Kwong Newbuildings Limited as seller and Rosine Holdings S.A. as purchaser;

(iv) in relation to the share transfer referred to in paragraph 13(c):

(aa) an instrument of transfer dated 3 April 2008 between Wah Kwong Newbuildings Limited as transferor and Rosine Holdings S.A. as transferee in respect of one share in Wah Kwong Dockyard Limited at the consideration of US$0.13;

(bb) a set of bought and sold notes dated 3 April 2008 between Wah Kwong Newbuildings Limited as seller and Rosine Holdings S.A. as purchaser in respect of the transfer referred to in paragraph (aa) above;

(cc) an instrument of transfer dated 3 April 2008 between Equitable Sea Transportation Corp. as transferor and Kriss Investments Company as transferee in respect of one share in Wah Kwong Dockyard Limited at the consideration of US$0.13; and

(dd) a set of bought and sold notes dated 3 April 2008 between Equitable Sea Transportation Corp. as seller and Kriss Investments Company as purchaser in respect of the transfer referred to in paragraph (cc) above;

(v) in relation to the share transfer referred to in paragraph 13(d):

(aa) an instrument of transfer dated 3 April 2008 between Venture Enterprises Corporation as transferor and Rosine Holdings S.A. as transferee in respect of one share in Wah Kwong Shanghai Development Company Limited at the consideration of US$0.13;

(bb) a set of bought and sold notes dated 3 April 2008 between Venture Enterprises Corporation as seller and Rosine Holdings S.A. as purchaser in respect of the transfer referred to in paragraph (aa) above;

(cc) an instrument of transfer dated 3 April 2008 between Equitable Sea Transportation Corp. as transferor and Kriss Investments Company as transferee in respect of one share in Wah Kwong Shanghai Development Company Limited at the consideration of US$0.13; and

(dd) a set of bought and sold notes dated 3 April 2008 between Equitable Sea Transportation Corp. as seller and Kriss Investments Company as purchaser in respect of the transfer referred to in paragraph (cc) above.

(14) a sale and purchase agreement dated 31 March 2008 between Wah Kwong Newbuildings Limited, Venture Enterprises Corporation and Rosine Holdings S.A. whereby Rosine Holdings S.A. acquired:

(a) 50 shares of the issued share capital of each of (i) Cape Asia Newbuildings Limited; and (ii) Cape Asia Newbuildings (II) Limited, from Wah Kwong Newbuildings Limited, together with all shareholder loans from Wah Kwong Newbuildings Limited to Cape Asia Newbuildings Limited and Cape Asia Newbuildings (II) Limited at a consideration of US$3,694,452.2567 and US$2,497,151.6467 respectively;

(b) 50% of the issued share capital of each of (i) Elegance Carriers, Inc. and (ii) Komati Shipping Limited from Wah Kwong Newbuildings Limited together with all shareholder loans from Wah Kwong Newbuildings Limited to (i) Elegance Carriers, Inc. and (ii) Komati Shipping Limited at a consideration of US$9,005,125.11 and US$11,826,172.87 respectively; and

(c) the entire issued share capital of (i) Bradwell Shipping Company; and (ii) Mellor Marine Limited from Venture Enterprises Corporation together with all shareholder loans from Venture Enterprises Corporation to (i) Bradwell Shipping Company and (ii) Mellor Marine Limited at a consideration of US$10,935,635.34 and US$10,440,246.35 respectively,

and the associated instruments of transfer as set out below:

(i) in relation to the share transfer referred to in paragraph 14(a)(i), an instrument of transfer dated 3 April 2008 between Wah Kwong Newbuildings Limited as transferor and Rosine Holdings S.A. as transferee in respect of 50 shares in Cape Asia Newbuildings Limited at a consideration of US$1,219,452.2567;

(ii) in relation to the share transfer referred to in paragraph 14(a)(ii), an instrument of transfer dated 3 April 2008 between Wah Kwong Newbuildings Limited as transferor and Rosine Holdings S.A. as transferee in respect of 50 shares in Cape Asia Newbuildings (II) Limited at a consideration of US$567,201.6467;

(iii) in relation to the share transfer referred to in paragraph 14(b)(i), an instrument of transfer dated 3 April 2008 between Wah Kwong Newbuildings Limited as transferor and Rosine Holdings S.A. as transferee in respect of 500 shares in Elegance Carriers, Inc. at a consideration of US$4,706,125.11;

(iv) in relation to the share transfer referred to in paragraph 14(b)(ii), an instrument of transfer dated 3 April 2008 between Wah Kwong Newbuildings Limited as transferor and Rosine Holdings S.A. as transferee in respect of 250 shares in Komati Shipping Limited at a consideration of US$6,770,172.87;

(v) in relation to the share transfer referred to in paragraph 14(c)(i), an instrument of transfer dated 3 April 2008 entered into between Venture Enterprises Corporation as transferor and Rosine Holdings S.A. as transferee in respect of 1 share in Bradwell Shipping Company at a consideration of US$4,035,635.34; and

(vi) in relation to the share transfer referred to in paragraph 14(c)(ii), an instrument of transfer dated 3 April 2008 entered into between Venture Enterprises Corporation as transferor and Rosine Holdings S.A. as transferee in respect of 1 share in Mellor Marine Limited at a consideration of US$3,640,246.35.

(15) in relation to Belvedere Capital Trading Ltd:

(a) an instrument of transfer dated 25 April 2008 between Wah Kwong Newbuildings Limited as transferor and Rosine Holdings S.A. as transferee whereby Wah Kwong Newbuildings Limited transferred 1 share at a consideration of US$1 to Rosine Holdings S.A.; and

(b) one set of bought and sold notes dated 25 April 2008 between Rosine Holdings S.A. as purchaser and Wah Kwong Newbuildings Limited as seller in respect of the share transfer referred to in (a) above.

(16) a master deed dated 15 May 2008 entered into between the Company and Wah Kwong Holdings in respect of the continuing connected transactions described in the section headed "Relationship with Wah Kwong Holdings — Master Deed relating to Connected Transactions" in this prospectus;

(17) a deed of non-competition dated 15 May 2008 between Wah Kwong Holdings and the Company referred to in the section entitled "Relationship with Wah Kwong Holdings — Non-Competition Deed" in this prospectus;

(18) a deed of assignment of shareholder loans dated 15 May 2008 entered into between Wah Kwong Holdings and the Company in respect of the assignment of the benefit of certain loans to Hong Kong incorporated Vessel Companies for the total consideration of US$58,956,905.37 as referred to in the section entitled "Issue of Shares in the Company to Wah Kwong Holdings" in Appendix VII to this prospectus;

(19) a deed of assignment, allotment and repayment dated 21 May 2008 between Wah Kwong Holdings and the Company whereby, conditional on those matters referred to in the sub-section of this Appendix entitled "Issue of Shares in the Company to Wah Kwong Holdings":

(a) Wah Kwong Holdings assigns to the Company:

(i) the benefit of the purchase price owed to it by Rosine Holdings S.A. and Kriss Investments Company as a result of the assignment of the outstanding purchase price in respect of the share transfers and the assignments of the shareholder loans referred to in paragraphs (12), (13) and (14) above; and

(ii) the benefit of amounts advanced by Wah Kwong Holdings to the Group to fund stage payments on behalf of the Vessel Companies.

(b) in consideration for the assignments referred to in paragraph (a) above and the assignment of the shareholder loans referred to in paragraph (18) above:

(i) the Company agreed to allot and issue 374,999,900 Shares, credited as fully paid to Wah Kwong Holdings; and

(ii) the remaining US$47,482,700.37 remains outstanding as an advance from Wah Kwong Holdings to the Company and must be repaid by the Company out of the proceeds from the Global Offering upon Listing;

(20) a placing agreement dated 22 May 2008 entered into among the Company, the Joint Sponsors and Noble Resources Limited in relation to the purchase of Shares of up to US$10 million;

(21) a deed of indemnity dated 23 May 2008 entered into between the Company and Wah Kwong Holdings pursuant to which Wah Kwong Holdings has undertaken to give certain indemnities in favour of the Company including, amongst other things, the tax indemnities;

(22) a placing agreement dated 28 May 2008 entered into among the Company, the Joint Sponsors and Falcon Investment Pte. Ltd. in relation to the purchase of Shares of up to US$8 million; and

(23) the Hong Kong Underwriting Agreement.

B. **Our Trademarks/Intellectual Property Rights**

Wah Kwong Holdings has made trade mark applications in respect of the following trade marks:

Place of Application	Mark	Class	Application No.	Application Date *(dd/mm/yy)*
China		16	6416686	04.12.2007
China		35	6416685	04.12.2007
China		38	6416684	04.12.2007
China		39	6416683	04.12.2007
China	Wah Kwong	16	6416682	04.12.2007
China	Wah Kwong	35	6416681	04.12.2007
China	Wah Kwong	38	6416680	04.12.2007
China	Wah Kwong	39	6416679	04.12.2007
China	Wah Kwong 华光	16	6416678	04.12.2007
China	Wah Kwong 华光	35	6416677	04.12.2007
China	Wah Kwong 华光	38	6416676	04.12.2007
China	Wah Kwong 华光	39	6416656	04.12.2007
China		16	6538513	30.01.2008
China		35	6538512	30.01.2008
China		38	6538511	30.01.2008
China		39	6538510	30.01.2008

Place of Application	Mark	Class	Application No.	Application Date *(dd/mm/yy)*
Hong Kong	(A) (B)	16, 35, 38, 39	300989407	08.11.2007
Hong Kong	Wah Kwong	16, 35, 38, 39	300989416	08.11.2007
Hong Kong	華光	16, 35, 38, 39	300989425	08.11.2007
Hong Kong	(A) (B)	16, 35, 38, 39	301037277	23.01.2008

(collectively, the **Trade Marks**).

Pursuant to the Trade Mark Licence the Wah Kwong Maritime Group has been granted a royalty free and non-exclusive licence to use the Trade Marks on or in relation to shipping activities. The licence is perpetual and will remain in force from the date of the agreement until the deed is terminated in accordance with its terms, further details of which can be found in the section headed "Relationship with Wah Kwong Holdings — Connected Transactions — Exempt Continuing Connected Transaction" in this prospectus.

Our wholly owned subsidiary, Wah Kwong Maritime Agency Company Limited, is the registrant of the following domain name:

Domain name	Registration Date
wkmt.com.hk	06/11/2007

4. FURTHER INFORMATION ABOUT THE DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND EXPERTS

A. Directors' Interests and/or Short Positions in the Share Capital, Underlying shares or Debentures of our Company and its Associated Corporations

Immediately after completion of the Global Offering and taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option or pursuant to the exercise of any options granted or which may be granted under the Pre-IPO Scheme or the Share Option Scheme, the interests and short positions of our Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) once the Shares are listed, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein once the Shares are listed, or which will be required to be notified to our Company and the Hong Kong Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer, once the Shares are listed, are as follows:

(a) **long positions in the Shares**

Name of Director	Capacity	Number of Shares	Approximate percentage of shareholdings
Chao George Sze Kwong	Founder and beneficiary of a trust	375,000,000 *(Notes 1 & 2)*	75%
Chao Sih Ming Sabrina	Beneficiary of a trust	375,000,000 *(Notes 1 & 2)*	75%

Notes:

1. Wah Kwong Holdings will be the registered and beneficial owner of 375,000,000 Shares representing approximately 75% of the entire issued share capital of the Company immediately after completion of the Global Offering.

2. Wah Kwong Holdings is owned as to approximately 99.82% by Fortune Eagle Investments Limited ("**Fortune Eagle**"), a British Virgin Islands company. The issued share capital of Fortune Eagle is held by Gain Profession Consultancy Ltd., a British Virgin Islands company on trust for the partners of The G. Chao Family Limited Partnership ("**Limited Partnership**"), a Guernsey limited partnership in the ratio in which they currently share their interests in the Limited Partnership. The issued share capital of Fortune Eagle is therefore an asset of the Limited Partnership. The general partner of the Limited Partnership is Gain Profession Consultancy Ltd. ("**General Partner**"), and the limited partner is Rustem Limited, a British Virgin Islands company ("**Limited Partner**"). The General Partner has a 1% interest in the Limited Partnership and 99% of the Limited Partnership is held by the Limited Partner. The Limited Partner holds its interest in the Limited Partnership on trust for Cantrust (Far East) Limited, as the trustee of The New George S. K. Chao Trust ("**Trust**"), a British Virgin Islands discretionary trust, of which Chao George Sze Kwong is both the settlor and a discretionary beneficiary and the other beneficiaries of which are members of his family.

By virtue of the SFO:

(a) Chao George Sze Kwong, being the settlor of the Trust, may be regarded as the founder of the Trust and, for the purpose of the SFO, is deemed to be interested in the Shares held by Wah Kwong Holdings. Mr. Chao is also deemed to be interested in the Shares held by Wah Kwong Holdings for the purpose of the SFO as he is also one of the discretionary beneficiaries of the Trust; and

(b) Chao Sih Ming Sabrina, being a discretionary beneficiary of the Trust, is deemed to be interested in the Shares held by Wah Kwong Holdings.

(b) **interests in associated corporation**

Name of Director	Name of associated corporation	Nature of interest	Capacity	Total number of shares	Approximate percentage of shareholding
Chao George Sze Kwong	Wah Kwong Holdings *(Note)*	Deemed interests	Founder and beneficiary of a trust	44,016,529	99.82%
Chao Sih Ming Sabrina	Wah Kwong Holdings *(Note)*	Deemed interests	Beneficiary of a trust	44,016,529	99.82%
	Wah Kwong Holdings *(Note)*	Personal	Beneficial owner	20,000	0.045%

Note: Wah Kwong Holdings is the holding company of the Company and therefore an associated corporation by virtue of the SFO. Please refer to note 2 in paragraph (a) headed "long positions in Shares" above in this Appendix for details of the ownership of Wah Kwong Holdings. As set out in note 2 to paragraph (a) above, each of Chao George Sze Kwong (being the Founder of the Trust) and Chao Sih Ming Sabrina (being a discretionary beneficiary of the Trust) is also deemed to be interested in the 44,016,529 issued shares of Wah Kwong Holdings held by Fortune Eagle for the purpose of the SFO.

(c) **interests in the underlying Shares of equity derivatives**

Name of Director	Capacity/Nature of interest	Number of Shares subject to option granted under the Pre-IPO Scheme	Approximate percentage of shareholdings
Chao George Sze Kwong	Beneficial owner/personal	2,000,000	0.4%
Chao Sih Ming Sabrina	Beneficial owner/personal	1,000,000	0.2%
Timothy Scott Huxley	Beneficial owner/personal	1,000,000	0.2%
Kam Koon Tong David	Beneficial owner/personal	200,000	0.04%

Note: Please refer to the section headed "Pre-IPO Scheme" below in this Appendix for details of the principal terms of the Pre-IPO Scheme and terms of the options granted under the Pre-IPO Scheme including but not limited to the subscription price and exercise period.

(d) **Short positions in Shares and underlying Shares of equity derivatives**

None of the Directors or chief executive of the Company has short positions in Shares or underlying Shares of equity derivatives immediately after completion of the Global Offering.

B. **Particulars of Directors' Employment Agreements and Letters of Appointment**

Each of the Executive Directors has entered into an employment agreement with Wah Kwong Maritime Agency Company Limited (a wholly owned subsidiary of our Company) in his/her respective capacity as executive chairman (in the case of Chao George Sze Kwong), vice chairman and chief financial officer (in the case of Chao Sih Ming Sabrina), chief executive officer (in the case of Timothy Scott Huxley) and financial controller (in the case of Kam Koon Tong David). Particulars of these agreements are set out below:

(a) The agreements are for a term of three years commencing from 1 March 2008, which may be terminated by either party thereto giving to the other six months' notice in writing (in the case of the employment agreement of Timothy Scott Huxley, such notice to expire only after 12 months from the commencement of his employment).

(b) The Executive Directors are entitled to, amongst other things, medical insurance and life insurance subject to certain conditions under the insurance plans.

(c) The Executive Directors are eligible to participate in the share option scheme and are entitled to an annual bonus on a discretionary basis.

The remuneration of each Executive Director is determined with reference to his/her contribution in terms of time, effort and his/her expertise.

With regard to the executive chairman of our Company, Mr. George Chao and vice chairman/chief financial officer, Ms. Sabrina Chao, they will continue to provide services to the Wah Kwong Holdings Group (excluding the Wah Kwong Maritime Group) under a separate employment agreement. Pursuant to their respective employment agreement with Wah Kwong Shipping Agency Company Limited, each of Mr. George Chao and Ms. Sabrina Chao is subject to the requirement that he/she will comply with and discharge his/her duties for Wah Kwong Maritime Group which will take priority over their duties under his/her employment agreement with Wah Kwong Shipping Agency Company Limited and to devote more than 50% of his/her normal working hours to his/her duties under his/her employment agreement with Wah Kwong Maritime Agency Company Limited.

With regard to Mr. Timothy Scott Huxley, he is permitted under his employment arrangement with Wah Kwong Maritime Agency Company Limited to continue to be involved in the company secretarial services provided by Mandarin Shipping Limited (a company of which Mr. Huxley continues to act as director as disclosed in the sub-section headed "Directors, Senior Management and Employees, Other Information of the Directors — Further Information relating to Mr. HUXLEY, Timothy Scott" in this prospectus) to a fund management company incorporated in the British Virgin Islands and to continue to be involved in the activities of a company that provides motor racing, commercial and engineering services. Under his employment arrangement with Wah Kwong Maritime Agency Company Limited, Mr. Huxley's continued involvement in these activities cannot conflict with his obligations under his employment agreement or involve a conflict between his interests and the interests of any member of the Wah Kwong Maritime Group and these activities must be carried out in his own time.

Each of the non-executive Directors and independent non-executive Directors has entered into a letter of appointment for an initial term of twelve months commencing from 15 May 2008. The Company may terminate the appointment by giving three months' written notice to the non-executive Directors or the independent non-executive Directors.

Each of the non-executive Directors and independent non-executive Directors is entitled to an annual fee of HK$200,000 and an additional annual fee of HK$100,000 for each of the audit committee, nomination committee and remuneration committee of the Company of which such Director is a member. Please refer to the section headed "Corporate Information" in this prospectus for the memberships of these committees. The non-executive Directors and independent non-executive Directors are eligible persons under the Share Option Scheme but will not be entitled to any equity based remuneration (for example, bonus) or incentive based remuneration. The remuneration of each non-executive Director and independent non-executive Director is determined with reference to his contribution in terms of time, effort and his expertise.

C. Directors' Remuneration

As our Company was incorporated on 4 September 2007, no remuneration was paid and no benefits in kind were granted to the Directors by our Company for the three years ended 31 March 2005, 31 March 2006 and 31 March 2007.

Under the present arrangements, the aggregate of the remuneration paid or payable to, and benefits in kind received or receivable by, our Directors for the year ended 31 March 2008 is estimated to be approximately HK$729,950.

D. Personal Guarantees

As of the date of this prospectus, none of our Directors has provided guarantees for debts and liabilities due by any member of the Group.

E. **Substantial Shareholder**

So far as our Directors are aware, immediately following completion of the Global Offering (taking no account of any exercise of the Over-allotment Option or any exercise of any options which have been granted or may be granted under the Pre-IPO Scheme and the Share Option Scheme), the following persons (other than Directors or chief executives of the Company) will have interests or short positions in Shares or underlying Shares which will be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, 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 our Company.

Name	**Capacity/Nature of interest**	**Number of Shares**	**Approximate percentage of shareholdings**
Wah Kwong Holdings *(Note 1)*	Beneficial owner	375,000,000	75.0%
Fortune Eagle Investments Limited *(Note 2)*	Interest of a controlled corporation	375,000,000	75.0%
Gain Profession Consultancy Ltd. *(Note 2)*	Trustee and interest of a controlled corporation	375,000,000	75.0%
Rustem Limited *(Note 2)*	Trustee and interest of a controlled corporation	375,000,000	75.0%
The G. Chao Family Limited Partnership *(Note 2)*	Interest of a controlled corporation	375,000,000	75.0%
Cantrust (Far East) Limited *(Note 2)*	Trustee and interest of a controlled corporation	375,000,000	75.0%
The New George S.K. Chao Trust *(Note 2)*	Trustee	375,000,000	75.0%
Chao George Sze Kwong *(Note 2)*	Founder of a discretionary trust	375,000,000	75.0%

Notes:

1. Wah Kwong Holdings is owned as to approximately 99.82% by Fortune Eagle Investments Limited ("**Fortune Eagle**"), a British Virgin Islands company. Chao George Sze Kwong, Chao Sih Ming Sabrina and Ludwig Criel are Directors and directors of Wah Kwong Shipping Holdings. Chao Sih Ming Sabrina is the registered and beneficial owner of 20,000 shares in Wah Kwong Holdings representing approximately 0.045% of its entire issued share capital.

2. The issued share capital of Fortune Eagle is held by Gain Profession Consultancy Ltd., a British Virgin Islands company on trust for the partners of The G. Chao Family Limited Partnership ("**Limited Partnership**"), a Guernsey Limited Partnership in the ratio in which they currently share their interests in the Limited Partnership. The issued share capital of Fortune Eagle is therefore an asset of the Limited Partnership. The general partner of the Limited Partnership is Gain Profession Consultancy Ltd. ("**General Partner**"), and the limited partner is

Rustem Limited, a British Virgin Islands company ("**Limited Partner**"). The General Partner has a 1% interest in the Limited Partnership and 99% of the Limited Partnership is held by the Limited Partner. The Limited Partner holds its interest in the Limited Partnership on trust for Cantrust (Far East) Limited, as the trustee of The New George S. K. Chao Trust, a British Virgin Islands discretionary trust, of which Chao George Sze Kwong is both the settlor and a discretionary beneficiary and the other beneficiaries of which are members of his family.

Save as disclosed herein (but taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any exercise of any options which have been granted or may be granted under the Pre-IPO Scheme and the Share Option Scheme), our Directors are not aware of any person (who are not Directors or chief executive of the Company) who will, immediately following completion of the Global Offering, have an interest or short position in our shares or underlying shares which will be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be 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 our Company and are therefore regarded as substantial shareholders of our Company under the Hong Kong Listing Rules.

F. Agency Fees or Commissions Received

No commissions, discounts, brokerages or other special terms were granted within the two years preceding the date of this prospectus in connection with the issue or sale of any capital of any member of our Group.

G. Disclaimer

Save as disclosed in this prospectus:

(a) none of our Directors or chief executive or senior management of our Company has any interest or short position in the shares, underlying shares or debentures of our Company or any of our associated corporations (within the meaning of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO once the Shares are listed, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein once the Shares are listed, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuer once the Shares are listed;

(b) none of our Directors or experts referred to under the section headed "Qualification of Experts" in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) none of our Directors or experts referred to under the section headed "Consents" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(e) taking no account of Shares which may be taken up under the Global Offering, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering, have an interest or short position in the shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance or be interested, directly or indirectly, 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 our Group;

(f) none of the experts referred to under the section headed "Qualifications of Experts" in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and

(g) so far as is known to the Directors, none of the Directors, their respective associates (as defined under the Hong Kong Listing Rules) or shareholders who are interested in more than 5% of the issued share capital of our Company have any interests in the five largest customers or the five largest suppliers of our Group.

5. PRE-IPO SCHEME

The Pre-IPO Scheme approved and adopted by written resolutions of the sole Shareholder on 15 May 2008 is conditional on (i) the Listing Committee of the Hong Kong Stock Exchange granting approval of the listing of, and permission to deal in, Shares to be issued as mentioned in this prospectus (including Shares which may be issued pursuant to the exercise of the options granted under the Pre-IPO Scheme) and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s) and not being terminated in accordance with the terms of those agreements or otherwise). The principal terms of the Pre-IPO Scheme are substantially the same as the terms of the Share Option Scheme (where applicable) except for the following principal terms:

(a) no options will be offered or granted after the date immediately preceding the day on which the registration of this prospectus with the Registry of Companies in Hong Kong takes place;

(b) there are no similar restrictions on the grant of options as summarised in the paragraph headed "Granting options to connected persons" of the section "Summary of the terms of Share Option Scheme" in this Appendix;

(c) the subscription price per Share shall be 90% of the final Offer Price;

(d) the maximum number of Shares in respect of which options may be granted under the Pre-IPO Scheme shall not exceed 25,000,000 Shares, being approximately 5% of the total number of issued Shares immediately following completion of the Global Offering (but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option and any Shares which may be issued pursuant to the exercise of any options granted or which may be granted under the Pre-IPO Scheme or the Share Option Scheme);

(e) there are no similar restrictions on the maximum entitlement of each grantee in relation to the total number of Shares issuable to him upon exercise of options granted to him under the Pre-IPO Scheme as opposed to the restrictions under the Share Option Scheme summarised in paragraph (e) headed "Maximum entitlement of each participant" of the section "Summary of the terms of Share Option Scheme" in this Appendix;

(f) any cancellation of options granted but not exercised shall be approved by the Board and the cancelled options shall not be re-issued;

(g) if any or all of the conditions of the Pre-IPO Scheme is or are not satisfied on or before a date falling 30 days after the date of first issue of this prospectus, any option granted or agreed to be granted pursuant to the Pre-IPO Scheme and any offer shall be of no effect; and

(h) where the grantee is an Executive Director, no options can be exercised to the extent that the Company's public float will be less than the minimum requirements specified under the Hong Kong Listing Rules from time to time.

Options granted under the Pre-IPO Scheme are personal to the grantee and cannot be transferred.

Application has been made to the Listing Committee of the Hong Kong Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the options granted under the Pre-IPO Scheme.

Options have been granted under the Pre-IPO Scheme to recognise the contributions that the Executive Directors and an employee of the Group have made to the Group and to incentivise them going forward. As at the Latest Practicable Date, in consideration of HK$1.00 from each grantee, options to subscribe for an aggregate of 4,700,000 Shares at a subscription price of 90% of the final Offer Price per Share had been granted to 5 grantees under the Pre-IPO Scheme.

Each option has an exercise period not exceeding 10 years from the Listing Date. Each option so granted under the Pre-IPO Scheme has the same terms and conditions save for the number of Shares which may be subscribed for pursuant to the exercise of the options.

Particulars of the options that were granted on 15 May 2008 to the Executive Directors and a member of the senior management of the Group who may subscribe for Shares under the Pre-IPO Scheme are set out below:

Grantee and position	**Address**	**Aggregate number of Shares subject to the option**	**Approximate percentage of shareholding held in the Company upon full exercise of options**
Chao George Sze Kwong (Executive Director)	10th Floor, Block B, Villa Verde, 12 Guildford Road, The Peak, Hong Kong	2,000,000	0.4%
Chao Sih Ming Sabrina (Executive Director)	B302, Villa Verde, 12 Guildford Road, The Peak, Hong Kong	1,000,000	0.2%
Timothy Scott Huxley (Executive Director)	9C, Shan Kwong Tower, 22 Shan Kwong Road, Happy Valley, Hong Kong	1,000,000	0.2%
Kam Koon Tong David (Executive Director)	Flat A, 9th Floor, 110 Broadway, Mei Foo Sun Chuen, Kowloon, Hong Kong	200,000	0.04%
William Thomas Amedee Fairclough (Business and investor relations manager)	14B Arts Mansion 43 Wong Nai Chung Road Happy Valley Hong Kong	500,000	0.1%
		4,700,000	0.94%

The percentage of shareholdings of the grantees in the Company set out in the above is based on the assumption that the Global Offering becomes unconditional. No account is taken of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company under the general mandate for the allotment and issue or repurchase of the Shares granted to the Directors as described in the sections headed "Written resolutions of the sole Shareholder" and "Repurchase by our Company of our own securities" respectively.

Save as disclosed above, no options have been granted or agreed to be granted by the Company under the Pre-IPO Scheme and no options have been granted to any connected persons of the Company other than the Executive Directors.

The vesting and exercise of the options granted to each grantee under the Pre-IPO Scheme is subject to the following:

(a) the part of the Option to subscribe for 20% of the Shares subject to the options will be vested in the grantee on the date which is the first anniversary of the Listing Date and will become exercisable within the period commencing from that date and ending on the date which is 10 years from and including the Listing Date;

(b) the part of the Option to subscribe for an additional 30% of the Shares subject to the options will be vested in the grantee on the date which is the second anniversary of the Listing Date and will become exercisable within the period commencing from that date and ending on the date which is 10 years from and including the Listing Date; and

(c) the part of the Option to subscribe for the remaining 50% of the Shares subject to the options will be vested in the grantee on the date which is the third anniversary of the Listing Date and will become exercisable within the period commencing from that date and ending on the date which is 10 years from and including the Listing Date.

As the grantees of the options granted under the Pre-IPO Scheme cannot exercise any of those options prior to the first anniversary of the Listing, there will not be any dilution effect or impact on earnings per Share for the year ended 31 March 2008.

Assuming that all the options granted under the Pre-IPO Scheme are exercised in full (but taking no account of any Shares to be issued pursuant to any exercise of the Over-allotment Option or the exercise of any options which may be granted under the Share Option Scheme), the shareholding structure of the Company before and after the full exercise of all options granted under the Pre-IPO Scheme on the basis set out below is as follows:

Name of Shareholders	Shareholding structure immediately after completion of the Global Offering but before exercise of the options granted under the Pre-IPO Scheme		Shareholding structure immediately after completion of the Global Offering and after full exercise of the options granted under the Pre-IPO Scheme	
	Number of Shares	*%*	*Number of Shares*	*%*
1. Wah Kwong Holdings	375,000,000	75.00	375,000,000	74.30
2. Grantees under the Pre-IPO Scheme	—	—	4,700,000	0.93
3. Shareholders taking up Shares under the Global Offering	125,000,000	25.00	125,000,000	24.77
Total	500,000,000	100.00	504,700,000	100.00

On 15 May 2008, the Company adopted a Pre-IPO Scheme, under which options have been granted to the Executive Directors and a member of senior management of the Group. Assuming that all the options granted under the Pre-IPO Scheme had been exercised in full on 1 April 2007 and that 504,700,000 Shares, comprising 500,000,000 Shares to be in issue immediately after the Global Offering and 4,700,000 Shares to be issued upon the exercise of all the options granted under the Pre-IPO Scheme, had been in issue throughout the year ended 31 March 2008, but not taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, the unaudited pro forma diluted estimated earnings per Share for the year ended 31 March 2008 would be not less than US$0.0688, while the unaudited pro forma basic earnings per Share for the year ended 31 March 2008 is not less than US$0.0694 as set out in the section headed "Financial Information" to this prospectus. This calculation has been prepared on the bases that the proceeds from the exercise of the options under the Pre-IPO Scheme is nil, has not considered the impact of the fair value of the Shares on computation of number of dilutive potential Shares, and has not considered the impact of fair value of the options granted under the Pre-IPO Scheme on the profit estimate for the year ended 31 March 2008.

6. SHARE OPTION SCHEME

1. Summary of terms

The following is a summary of the principal terms of the Share Option Scheme conditionally approved by the written resolutions of the sole Shareholder dated 15 May 2008:

(a) *Purpose of the scheme*

The purpose of the Share Option Scheme is to recognise the contribution that certain individuals have made to the Group, to attract the best available personnel and to promote the success of the Group's business.

(b) *Who may join*

The Board may, at its discretion, invite:

(i) any full-time employee of the Company or its subsidiaries;

(ii) directors (including executive directors, non-executive directors and independent non-executive directors) of the Company or its subsidiaries;

(iii) advisors and consultants to the Company or to any Subsidiary in the areas of shipping industry, technical, financial, legal or corporate managerial who, at the sole determination of the Board, have contributed to the Company and/or any of its subsidiaries.

(c) *Subscription price of Shares*

The subscription price for Shares under the Share Option Scheme will be a price determined by the Board and notified to each grantee and will be the higher of:

(i) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of offer for the grant of option, which must be a business day;

(ii) the average closing prices of the Shares on the Hong Kong Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer for the grant of option provided that in the event of fractional prices, the subscription price per Share shall be rounded upwards to the nearest whole cent; and

(iii) the nominal value of a Share.

A nominal consideration of HK$1.00 is payable at the time of the acceptance of the grant of the option. An offer for the grant of an option may only be accepted within the time limit specified in the offer letter (which shall not be later than 28 days from the offer date).

(d) *Maximum number of Shares*

(i) The maximum number of Shares to be issued upon exercise of all outstanding options under the Share Option Scheme and any other share option schemes of the Company will not exceed 30% of the total number of issued Shares from time to time.

(ii) The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Company) to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed such number of Shares as shall represent 10% of the Shares in issue immediately upon commencement of dealings of Shares on the Listing Date ("General Scheme Limit").

(iii) Subject to paragraph (i) above and without prejudice to paragraph (iv) below, the Company may issue a circular to its shareholders to seek approval from its shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company must not exceed 10% of the Shares in issue as at the date of approval of the limit and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of the Company) previously granted under the Share Option Scheme and any other share option scheme of the Company will not be counted. The circular sent by the Company to its shareholders shall contain the information required under Rule 17.02(2)(d) of the Hong Kong Listing Rules and the disclaimer required under Rule 17.02(4) of the Hong Kong Listing Rules.

(iv) Subject to paragraph (i) above and without prejudice to paragraph (iii) above, the Company may seek separate shareholders' approval in general meeting to grant options beyond the General Scheme Limit or, if applicable, the limit referred to in paragraph (iii) above to participants specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to its shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the identified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.02(2)(d) of the Hong Kong Listing Rules and the disclaimer required under Rule 17.02(4) of the Hong Kong Listing Rules.

(e) *Maximum entitlement of each participant*

No option may be granted to any one participant if the total number of Shares issued and to be issued upon exercise of options granted and to be granted to such participant in any 12-month period up to the date of the latest grant exceeds 1% of the issued share capital of the Company from time to time.

(f) *Time of exercise of option and performance target*

An option may be exercised in accordance with the terms of the Share Option Scheme within a period to be notified by the Board to each grantee (provided that the period within which an option must be exercised shall not be less than one year and not more than 10 years commencing on the date on which an option is granted pursuant to the Share Option Scheme). Options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise (e.g. by linking their exercise to the attainment or performance of milestones by the Company, any subsidiary, the grantee or any group of participants) as the Board may determine (after taking into account the recommendations of the remuneration committee of the Company where appropriate), provided such terms and conditions shall not be inconsistent with any other terms and conditions of the Share Option Scheme.

(g) *Rights are personal to grantee*

An option is personal to the grantee and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option or attempt to do so.

(h) *Rights on ceasing employment*

If the grantee of an option who is also a director or an employee of the Company or its subsidiaries ceases to be a director or an employee by reason of his resignation or retirement from employment or appointment or the expiry of his employment or appointment contract or the termination of his employment or appointment on grounds other than death or certain other grounds specified in paragraph (j) below, the grantee may exercise the option up to the grantee's entitlement at the date of cessation (to the extent it has already vested in the grantee and become exercisable and not already exercised prior to the grantee's aforesaid resignation or retirement from employment or appointment or the expiry of his/her employment or appointment contract or the termination of his/her employment or appointment) within the period of three months following the date of such cessation, which date shall be the last actual working day with the relevant company in the Group whether salary is paid in lieu of notice or not, or such longer period as the Board may determine, failing which the option will lapse.

(i) *Rights on death*

If the grantee of an option dies before exercising the option in full, and none of the events specified in paragraph (j) below which would be a ground for termination of his or her employment or appointment arises, his or her personal representatives may exercise the option (to the extent it has already vested in the grantee and become exercisable and not already exercised prior to his death) within a period of 12 months from the date of death, or such longer period as the Board may determine, failing which the option will lapse.

(j) *Rights on dismissal*

If the grantee of an option who is also a director or an employee of the Company or its subsidiaries ceases to be a director or an employee of the Company or its subsidiaries by reason that he has been guilty of misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty, his option will automatically lapse and will not in any event be exercisable on the date of his cessation of the employment or appointment.

(k) *Effects of alterations to capital*

In the event of any alteration in the capital structure of the Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, sub-division, or reduction of the share capital of the Company or otherwise howsoever in accordance with legal requirements and requirements of the Hong Kong Stock Exchange, other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party or an issue of shares pursuant to, or in connection with, any share option scheme, share appreciation rights scheme or any arrangement for remunerating or incentivising any employee, consultant or adviser to the Company or any Subsidiary or in the event of any distribution of the Company's capital assets to its shareholders on a pro rata basis (whether in cash or in specie) other than dividends paid out of the net profits attributable to the Shareholders for each financial year of the Company, such corresponding alterations (if any) shall be made to:

(i) the number or nominal amount of Shares subject to the option so far as unexercised; or

(ii) the subscription price,

or any combination thereof, as an independent financial adviser or the Company's auditors shall confirm to the Directors in writing, either generally or as regard any particular grantee, to have given a participant the same proportion (or rights in respect of the same proportion) of the equity capital as that to which that person was previously entitled, but that no such adjustments be made to the extent that a share would be issued at less than its nominal value.

(l) *Rights on winding up*

In the event a notice is given by the Company to the Shareholders to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the grantee and the grantee (or his or her legal personal representatives) may by notice in writing to the Company (such notice to be received by the Company not later than four business days prior

to the proposed shareholders' meeting) exercise the option (to the extent it has already vested in the grantee and become exercisable and not already exercised prior the date of the aforesaid notice to the grantee) either to its full extent or to the extent specified in such notice and the Company shall as soon as practicable and in any event no later than the day immediately prior to the date of the proposed shareholders' meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise. Any options shall, to the extent that they have not been so exercised, lapse and determine.

(m) *Rights on general offer*

If a general (or partial) offer (whether by way of take-over offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) the Company shall use its best endeavours to procure that an appropriate offer is extended to all the grantees (on comparable terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, as shareholders of the Company). If such general (or partial) offer becomes or is declared unconditional, the grantee (or his or her legal personal representative(s)) shall be entitled to exercise the option (to the extent which has become exercisable and not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company at any time within thirty (30) days after the date on which such general (or partial) offer becomes or is declared unconditional.

(n) *Rights on a compromise or arrangement*

If, pursuant to any applicable laws, a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice to the grantee on the same date as it dispatches the notice to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the grantee (or his or her personal representative(s)) may until the expiry of the period commencing with such date and ending with the earlier of the date two months thereafter and the date on which such compromise or arrangement is sanctioned by the court, provided that the relevant options are not subject to a term or condition precedent to them being exercisable which has not been fulfilled, exercise any of his or her options whether in full or in part (to the extent it has already vested in the grantee and become exercisable and not already exercised prior to the aforesaid court's sanction), but the exercise of an option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective. Upon such compromise or arrangement becoming effective, all options shall lapse except insofar as previously exercised.

(o) *Ranking of Shares*

(i) The Shares to be allotted and issued upon the exercise of an option will be subject to the provisions of the articles of association of the Company for the time being in force and will rank pari passu with the fully paid Shares in issue as from the date of exercise of the option and in particular will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of exercise of the option other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor is before the date of exercise of the option, provided always that when the date of exercise of the option falls on a date upon which the register of members of the Company is closed then the exercise of the option shall become effective on the first business day on which the register of members of the Company is re-opened.

(ii) Unless the context otherwise requires, references to "Shares" in the Share Option Scheme include references to shares in the Company of any such nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time.

(p) *Period of the Share Option Scheme*

Subject to early termination referred to under paragraph (v) below, the Share Option Scheme will be valid for a period of 10 years commencing on the date of its adoption, after which period no further options will be granted but the provisions of the Share Option Scheme shall in all other respects remain in full force to the extent necessary to give effect to the exercise of any options granted prior thereto and options which are granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

(q) *Conditions of the Share Option Scheme*

The Share Option Scheme is conditional on, inter alia, the Listing Committee of the Hong Kong Stock Exchange granting approval of the listing of, and permission to deal in, any Shares which may be issued pursuant to the exercise of Options

(r) *Alteration to the Share Option Scheme*

The rules of the Share Option Scheme may be altered in any respect by a resolution of the Board save and except the following which shall be approved by the Shareholders in general meeting:

(i) alteration to the terms and conditions of the Share Option Scheme relating to the matters set out in Rule 17.03 of the Hong Kong Listing Rules which extends the class of persons eligible for the grant of options or to the advantage of any of the grantees or prospective grantees;

(ii) alteration to the terms and conditions of the Share Option Scheme which are of a material nature or any alteration to the terms and conditions of options granted except where the alterations take effect automatically under the existing terms of the Share Option Scheme; and

(iii) any change to the authority of the Directors or scheme administrators in relation to any alteration to the terms of the Share Option Scheme must be approved by shareholders of the Company in general meeting.

The terms of the Share Option Scheme and/or any options amended pursuant to this paragraph must comply with the applicable requirements of the Hong Kong Listing Rules. In addition, no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of shareholders of the Company under the articles of association for the time being of the Company for a variation of the rights attached to the Shares.

(s) *Granting options to connected persons*

Any grant of options to a Director, chief executive or substantial shareholder of the Company or any of their respective associates is required to be approved by all the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is a proposed grantee of the options).

If the Company proposes to grant options to a substantial shareholder or an independent non-executive Director or their respective associates which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) under the Share Option Scheme and any other share option schemes of the Company to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% of the Shares in issue as at the date of such further proposed grant; and

(ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotation sheets of the Hong Kong Stock Exchange at the date of offer for each grant, in excess of HK$5,000,000.00;

such further grant shall be subject to the approval of the Shareholders in a general meeting on a poll at which all connected persons (as defined in the Hong Kong Listing Rules) for the time being of the Company shall abstain from voting in favour at such general meeting. In addition, the Company has to comply with the requirements of the Rules 13.39(5), 13.40, 13.41 and 13.42 of the Hong Kong Listing Rules. The date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note

(1) to Rule 17.03(9) of the Hong Kong Listing Rules. All connected persons of the Company must abstain from voting at such general meeting (except that any connected person may vote against the relevant resolution provided that his intention to do so has been stated in the circular). Any vote taken at the meeting to approve the grant of such options must be taken on a poll.

(t) *Disclosure in annual and interim report*

The Company will disclose details of the Share Option Scheme in its annual and interim reports including the information as required under Rules 17.07, 17.08 and 17.09 of the Hong Kong Listing Rules.

(u) *Lapse of option*

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

(i) the expiry of the option period referred to in paragraph (f) above;

(ii) the expiry of the periods or dates referred to in paragraphs (h), (i), (1) and (m) above;

(iii) subject to the compromise or arrangement as referred to in paragraph (n) above becoming effective, the date on which such compromise or arrangement becomes effective;

(iv) (without prejudice to the rights of a grantee under paragraph (1) above) the date of the commencement of the winding-up of the Company;

(v) the date on which the grantee (if a director or an employee of the Company or its subsidiaries) ceases to be a director or an employee of the Company or its subsidiaries by reason of termination of his/her appointment or employment on any one or more of the grounds that he/she has been guilty of misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his/her creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty; and

(vi) the date on which the Board shall exercise the Company's right to cancel the option at any time after the grantee has committed a breach of paragraph (g) above.

(v) *Termination of the Share Option Scheme*

The Directors may terminate the Share Option Scheme, subject to shareholders' approval in a general meeting, at any time, but options granted prior to such termination shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme.

(w) *Cancellation of options*

Any cancellation of options granted but not exercised shall require approval of Shareholders in general meeting with the relevant grantees and their respective associates abstaining from voting. Any vote taken at the general meeting for approving such cancellation shall be taken by poll. Cancelled options may be re-issued after such cancellation has been approved, provided that re-issued options shall only be granted in compliance with the terms of the Share Option Scheme.

2. **Present status of the Share Option Scheme**

(i) *Approval of the Listing Committee required*

The Share Option Scheme is conditional on the Listing Committee of the Hong Kong Stock Exchange granting the listing of, and permission to deal in, such number of Shares to be issued pursuant to the exercise of options which may be granted under the Share Option Scheme, representing 10% of the Shares in issue immediately following completion of the Global Offering (but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option and any Shares which may be issued pursuant to the exercise of any options granted or may be granted under the Pre-IPO Scheme or the Share Option Scheme), being 50,000,000 Shares.

(ii) *Application for approval*

Application has been made to the Listing Committee of the Hong Kong Stock Exchange for the listing of and permission to deal in the Shares to be issued pursuant to the exercise of options which may be granted under the Share Option Scheme representing 10% of the Shares in issue immediately upon commencement of dealings of Shares on the Listing Date.

7. REPURCHASE BY OUR COMPANY OF OUR OWN SECURITIES

This section sets out information required by the Hong Kong Stock Exchange to be included in this prospectus concerning the repurchase by our Company of our own securities.

A. **Provisions of the Hong Kong Listing Rules**

The Hong Kong Listing Rules permit companies with a primary listing on the Hong Kong Stock Exchange to repurchase their own securities on the Hong Kong Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(a) *Shareholders' approval*

All proposed repurchase of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Hong Kong Stock Exchange must be approved in

advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

(b) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the Memorandum of Association, the Hong Kong Listing Rules and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Hong Kong Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange. Subject to the foregoing, any repurchases by our Company may be made out of our Company's funds which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares made for the purpose of the repurchase. Any amount of premium payable on the purchase over the par value of the shares to be repurchased must be out of the funds which would otherwise be available for dividend or distribution or from sums standing to the credit of our Company's share premium account.

(c) *Trading Restrictions*

The total number of shares which a listed company may repurchase on the Hong Kong Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Hong Kong Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Hong Kong Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Hong Kong Stock Exchange. The Hong Kong Listing Rules also prohibit a listed company from repurchasing its shares if that repurchase would result in the number of its securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Hong Kong Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Hong Kong Stock Exchange such information with respect to the repurchase as the Hong Kong Stock Exchange may require.

(d) *Status of Repurchased Shares*

All repurchased securities (whether effected on the Hong Kong Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

(e) *Suspension of repurchase*

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Hong Kong Stock Exchange in accordance with the Hong Kong Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Hong Kong Listing Rules) and (ii) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Hong Kong Listing Rules, or quarterly or any other interim period (whether or not required under the Hong Kong Listing Rules), the listed company may not repurchase its shares on the Hong Kong Stock Exchange other than in exceptional circumstances. In addition, the Hong Kong Stock Exchange may prohibit a repurchase of securities on the Hong Kong Stock Exchange if a listed company has breached the Hong Kong Listing Rules.

(f) *Reporting Requirements*

Certain information relating to repurchases of securities on the Hong Kong Stock Exchange or otherwise must be reported to the Hong Kong Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(g) *Connected Persons*

A listed company is prohibited from knowingly repurchasing securities on the Hong Kong Stock Exchange from a connected person and a connected person is prohibited from knowingly selling his securities to the company.

No connected person (as defined in the Hong Kong Listing Rules) has notified our Company that he or it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the repurchase mandate approved by the sole Shareholder in its written resolution dated 15 May 2008 (the "Repurchase Mandate") is exercised. Please refer to the section headed "Further Information about the Company — Resolutions of the sole Shareholder" for further information on the Repurchase Mandate.

B. **Reasons for Repurchase**

The Directors believe that it is in the best interest of our Company and our Shareholders for the Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where the Directors believe that such repurchases will benefit our Company and our Shareholders as a whole.

C. **Funding of Repurchases**

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles and the Memorandum of Association and the applicable laws of the Cayman Islands. On the basis of our Company's current financial position as disclosed in this prospectus and taking into account our Company's current working capital position, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on our Company's working capital and/or our Company's gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our Company's working capital requirements or the gearing levels which in the opinion of the Directors are from time to time appropriate for our Company.

D. **General**

(a) Exercise in full of the Repurchase Mandate, on the basis of 500,000,000 Shares in issue after completion of the Global Offering could accordingly result in up to 50,000,000 Shares being repurchased by our Company during the period prior to:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which our Company's next annual general meeting is required by the expiration of the period within which our Company's next annual general meeting is required by any applicable law or the Articles to be held; or

(iii) the revocation or variation of the Repurchase Mandate by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

(b) None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to the our Company or our subsidiaries.

(c) Our Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Hong Kong Listing Rules, the Articles and the Memorandum of Association and the applicable laws in Cayman Islands.

(d) If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Hong Kong Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Hong Kong Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Hong Kong Takeovers Code as a result of any repurchases pursuant to the Repurchase Mandate.

(e) No repurchase of Shares has been made by our Company since its incorporation.

8. OTHER INFORMATION

A. Estate Duty

Our Directors have been advised that no material liability for estate duty under Cayman Islands laws is likely to fall upon us.

B. Litigation

As at the Latest Practicable Date, no member of our Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against any member of our Group.

C. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, all the Shares in issue and to be issued pursuant to the Global Offering, including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which have been granted or which may be granted under the Pre-IPO Scheme and the Share Option Scheme. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

Each of the Joint Sponsors has declared its independence from us pursuant to Rule 3A.08 of the Hong Kong Listing Rules and that it is independent pursuant to Rule 3A.07 of the Hong Kong Listing Rules.

D. **Promoters**

Our Company does not have a promoter (as defined under the Hong Kong Listing Rules).

E. **Preliminary expenses**

The estimated preliminary expenses of our Company are approximately US$3,100 and are payable by our Company.

F. **Taxation**

Holders of Shares

(1) *Cayman Islands*

Under present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfers of Shares.

(2) *Hong Kong*

The sale, purchase and transfer of Shares registered on our Company's register of members in Hong Kong will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration, or if higher, the fair value of the Shares being sold or transferred.

Profits from dealings in Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax for persons who carry on a business of trading or dealing in securities in Hong Kong.

The Shares are Hong Kong property for the purposes of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) and, accordingly, Hong Kong estate duty may be payable in respect thereof on the death of an owner of Shares. The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after 11 February 2006.

(3) *General*

Intending holders of Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of or dealing in Shares. It is emphasised that none of our Company, our Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding, disposal of or dealing in Shares or exercise any rights attaching to them.

G. **Taxation Indemnity**

Wah Kwong Holdings has entered into a deed of indemnity in favour of the Company as referred to in the subsection headed "— Further Information about Our Business — Summary of Material Contracts" in this Appendix to provide indemnities in respect of any liability of the Company and the Company's proportionate interest of any liability of any other member of the Wah Kwong Maritime Group for:

(a) Hong Kong estate duty under or by virtue of sections 35 and 43 of the Estate Duty Ordinance or any similar laws and regulations of British Virgin Islands, Liberia, Marshall Islands, PRC or any other relevant jurisdiction arising on the death of any person at any time by reason of any transfer of property to any member of the Wah Kwong Maritime Group on or before the date on which the Global Offering becomes unconditional; and

(b) taxation payable by any member of the Wah Kwong Maritime Group in respect of any income, profits or gains earned, accrued or received on or before the date on which the Global Offering becomes unconditional or in respect of or in consequence of any act, omission or event occurring on or before such date, save to the extent that:

(i) specific provision has been made for such taxation in the audited accounts of the Wah Kwong Maritime Group for the accounting period ended on 31 December 2007;

(ii) the liability for such taxation arises in or relates to the ordinary course of business of any member of the Wah Kwong Maritime Group since 31 December 2007; or

(iii) the liability for such taxation would not have arisen but for any voluntary act or omission of a member of the Wah Kwong Maritime Group after the date on which the Global Offering becomes unconditional which such member ought reasonably to have known would give rise to such liability for taxation but excluding any act:

(aa) carried out pursuant to a legally binding obligation of a member of the Wah Kwong Maritime Group entered into or incurred on or before the date on which the Global Offering becomes unconditional;

(bb) taking place pursuant to the Global Offering or any document executed pursuant to the Global Offering;

(cc) pursuant to an obligation imposed by any law, regulation or requirement having the force of law; or

(dd) occurring in the ordinary course of trade of the relevant member of the Wah Kwong Maritime Group; or

(iv) the liability for taxation arises or is increased as a result only of:

(aa) an increase in rates of taxation made after the date on which the Global Offering becomes unconditional; or

(bb) the passing of any legislation after the date on which the Global Offering becomes unconditional.

H. Qualification of Experts

The qualifications of the experts who have given opinions or advice which are contained in this prospectus are set out below:

Name	Qualification
Anglo Chinese	A licensed corporation permitted to engage in types 1,4, 6 and 9 regulated activities under the Securities and Futures Ordinance
Cazenove	A licensed corporation permitted to engage in types 1,4, 6 and 9 regulated activities under the Securities and Futures Ordinance
PricewaterhouseCoopers	Certified Public Accountants
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Zhong Lun Law Firm, Shanghai Office	PRC legal counsel
DTZ Debenham Tie Leung Limited	Property valuer
Fearnleys	Ship valuer

I. Consents

Each of Anglo Chinese, Cazenove, PricewaterhouseCoopers, Conyers Dill & Pearman, Zhong Lun Law Firm, Shanghai Office, DTZ Debenham Tie Leung Limited and Fearnleys has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports and/or letters and/or valuation certificates and/or the references to its name included herein in the form and context in which they are respectively included.

J. Binding Effect

This prospectus shall have the effect, if an application is made in pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Hong Kong Companies Ordinance so far as applicable.

K. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

L. Compliance Adviser

Our Company has, pursuant to Rule 3A.19 of the Hong Kong Listing Rules, appointed Anglo Chinese to act as our compliance adviser for the period commencing from the Listing Date and ending on the date that our Company publishes our first full year results. Anglo Chinese will, among other things, provide our Company with advice in relation to compliance with the Hong Kong Listing Rules and other applicable laws, regulations, rules, codes and guidelines in Hong Kong and will keep our Company informed on a timely basis of any changes in these laws, regulations, codes and guidelines.

M. Waiver in relation to Rule 4.04(1) of the Hong Kong Listing Rules and Exemption from Strict Compliance with Paragraphs 27 and 31 of the Third Schedule to the Hong Kong Companies Ordinance

According to Paragraph 27 of the Third Schedule to the Hong Kong Companies Ordinance, we are required to include in this prospectus a statement as to the gross trading income or sales turnover (as the case may be) of our Company during each of the three financial years immediately preceding the issue of this prospectus.

According to Paragraph 31 of the Third Schedule to the Hong Kong Companies Ordinance, we are required to include in this prospectus a report by our auditors with respect to profits and losses and assets and liabilities of our Company in respect of each of the three financial years immediately preceding the issue of this prospectus.

Pursuant to rule 4.04(1) of the Hong Kong Listing Rules, we are required to include in this prospectus the accountants' report covering the results of the Group in respect of each of the three financial years immediately preceding the issue of this prospectus.

The accountants' report for each of the three years ended 31 March 2007 and the nine months ended 31 December 2007 has been prepared and is set out in Appendix I to this prospectus.

An application has been made to the SFC for a certificate of exemption from strict compliance with paragraphs 27 and 31 of the Third Schedule to the Hong Kong Companies Ordinance in relation to the inclusion of the accountants' report for the full year ended 31 March 2008 in this prospectus on the ground that it would be unduly burdensome for us to do so within a short period of time after 31 March 2008. A certificate of exemption has been granted by the SFC under section 342A(1) of the Hong Kong Companies Ordinance on the condition that particulars of such exemption are set out in this prospectus and this prospectus will be issued on or before 29 May 2008.

An application has also been made to the Hong Kong Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Hong Kong Listing Rules in relation to the inclusion of the accountants' report for the full year ended 31 March 2008 in this prospectus on the ground that it would be unduly burdensome for us to do so within a short period of time after 31 March 2008, and such waiver has been granted by the Hong Kong Stock Exchange on the understanding that this prospectus will be issued on 29 May 2008 and subject to the granting of a certificate of exemption from strict compliance with the relevant requirements of the Hong Kong Companies Ordinance by the SFC and that the Listing Date will be on or before 30 June 2008.

Our Directors consider that all information reasonably necessary for potential investors to make an informed assessment of the activities or the financial position of the Group has been included in this prospectus.

Our Directors confirm that they have performed sufficient due diligence on the Group to ascertain and confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2007 and there has been no event since 31 December 2007 which would materially affect the information shown in the Accountants' Reports set out in Appendix I to this prospectus.

N. **Miscellaneous**

(a) Save as disclosed in this prospectus, within the two years preceding the date of this prospectus, no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash.

(b) Save as disclosed in this prospectus, within the two years preceding the date of this prospectus, no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

(c) No founder shares, management shares or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued.

(d) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerages or other special items have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

(e) Since 31 December 2007, being the date of our latest audited combined financial statements, there has been no material adverse change in the financial or trading position of our Group.

(f) We have no outstanding convertible debt securities.

(g) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) copies of the Application Forms;

(b) the written consents referred to in the section headed "Other Information — Consents" of Appendix VII to this prospectus;

(c) copies of the material contracts referred to in the section headed "Further Information about our Business — Summary of Material Contracts" of Appendix VII to this prospectus; and

(d) the statement of adjustments relating to the accountants' report set out in Appendix I to this prospectus from PricewaterhouseCoopers.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Minter Ellison, 15th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) our Memorandum of Association and our articles of association;

(b) the employment agreements referred to in the section headed "Further Information about the Directors, Substantial Shareholders and Experts — Particulars of Directors' Employment Agreements and Letters of Appointment" of Appendix VII to this prospectus;

(c) the material contracts referred to in the section headed "Further Information about our Business — Summary of Material Contracts" of Appendix VII to this prospectus;

(d) the accountants' report on the Group from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;

(e) the statement of adjustments relating to the accountants' report set out in Appendix I to this prospectus from PricewaterhouseCoopers;

(f) the report from PricewaterhouseCoopers relating to the unaudited pro forma financial information of the Group, the text of which is set out in "Appendix II — Unaudited Pro Forma Financial Information" to this prospectus;

(g) the letter relating to the profit estimate of the Group from PricewaterhouseCoopers and the Joint Sponsors respectively, the text of which is set out in "Appendix III — Profit Estimate" to this prospectus;

(h) the letter and valuation certificate relating to our property interests prepared by DTZ Debenham Tie Leung Limited, the text of which is set out in "Appendix IV — Property Valuation" to this prospectus;

(i) the valuation certificate relating to our ships prepared by Fearnleys, the text of which are set out in "Appendix V — Ship Valuation" to this prospectus;

(j) the letter of advice issued by Conyers Dill & Pearman summarising certain aspects of Cayman Islands company law as referred to under the section headed "General" in Appendix VI to this prospectus;

(k) the written consents referred to in the section headed "Other Information — Consents" in Appendix VII to this prospectus;

(l) the rules of the Pre-IPO Scheme;

(m) the rules of the Share Option Scheme; and

(n) the Companies Law.

WAH KWONG

MARITIME TRANSPORT HOLDINGS LIMITED

華光海運控股有限公司

(incorporated in the Cayman Islands with limited liability)
Stock code : 0067