
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

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

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

Hsu Chih-Chien and his trust

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

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

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

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EXCLUDED BUSINESSES

The excluded business

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

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

Reasons for exclusion

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

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

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

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Potential conflict of interests

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

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

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

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

Deed of non-competition

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

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

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

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

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

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

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

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

- (i) the independent non-executive Directors shall review, at least on an annual basis, the compliance with the Deed of Non-competition by the Covenanted Controlling Shareholders and their respective associates, or first rights of refusal provided by the Covenanted Controlling Shareholders and their respective associates on their existing or future competing businesses;
- (ii) the Covenanted Controlling Shareholders shall provide all information necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition;
- (iii) our Company shall disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the undertakings and first right of refusal provided by the Covenanted Controlling Shareholders either through the annual report of our Company, or by way of announcements to the public;
- (iv) the Covenanted Controlling Shareholders shall, during the period that the Controlling Shareholders, and their respective associates, individually or taken as a whole, remain as the Controlling Shareholders, abstain from voting at any general meeting of our Company if there is any actual or potential conflict of interests; and
- (v) the terms of Deed of Non-competition cannot be amended or varied save with the prior approval of the Members (other than the Controlling Shareholders and their respective associates who are also Shareholders) by an ordinary resolution at a general meeting.

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

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Confirmation

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

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

HSU'S FURTHER UNDERTAKINGS

First Undertaking

For the purpose of our listing on SGX-ST, Hsu Chih-Chien has given a written undertaking ("**First Undertaking**") to our Company that for so long as he is our Director, or he or his associates beneficially own or are otherwise deemed interested in 5% or more of our Shares:

- (i) he shall not solicit or induce, or attempt to solicit or induce, any customer of our Group (whether past or present) to enter into contracts with vessels owned by him or his associates, including any vessels that are subsequently acquired by him and his associates;
- (ii) he shall not cause the vessels owned by him to compete or bid against our Group in trying to secure contracts from customers, including potential customers that our Group wishes or intends to provide services to;
- (iii) he and his associates shall not acquire any interest (whether such interests are held directly or indirectly, singly or in conjunction with third parties) in any vessels in the Panamax bulk carrier category or provide vessel chartering services using Panamax bulk carriers;
- (iv) he and his associates shall abstain from voting on any shareholders' resolution to be passed or approved by our Company from time to time on any matters or issues raised during any annual general meetings, extraordinary general meetings, or other shareholders' meetings of our Company if such matters or issues relates to or may result in or otherwise involves actual or potential conflict of interest or competing interests between our Group and vessels owned by Hsu Chih-Chien;

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- (v) in the event that any actual or potential conflict of interests situations may arise for any reason whatsoever, Hsu Chih-Chien will be bound by his duties as a director of our Company and obliged under our Company's Bye-laws and the Bermuda Companies Act to declare, and he shall so declare at a meeting of the Directors, the fact and the nature, character and extent of the conflict which has arisen and abstain from voting on any Directors' resolution to be passed or approved by the Board from time to time and not participate in any deliberations or discussions on any such matters; and
- (vi) he shall not disclose to any person any confidential or trade-sensitive information, including marketing or operational strategies, policies or plans of our Group, that may from time to time come into his possession, in his capacity as Director or (as the case may be) in the course of performing his duties on behalf of our Company or our Group, or use any of such information to the advantage of the vessels owned by him or to the detriment of our Group.

Second Undertaking – General

For the purpose of the Introduction, Hsu Chih-Chien has given an additional written undertaking (“**Second Undertaking**”) to us that for so long as (i) he is our Director, or he or his associates beneficially owns or any trust which he creates holds or settles or are otherwise deemed interested in 5% or more of our Shares; and (ii) our Shares are listed on the Stock Exchange:

- (i) he is required not to engage (whether as principal or agent and whether undertaken directly or indirectly) in the provision of vessels chartering business similar to the nature of our business in any part of the world, other than through Handysize vessels owned or controlled, directly or indirectly whether by himself or his associates or his controlled companies;
- (ii) Except for the Refused Opportunity as hereinafter mentioned, he is required to procure Hsu Companies not to provide vessels chartering services to any of our top 10 customers during the Track Record Period and during each of the financial year following the Listing Date (“Restricted Customers”) (the list of such accumulated Restricted Customers will be provided to Hsu Chih-Chien annually, and this undertaking is supplemental to and does not supersede the general non-solicitation undertaking under the First Undertaking);
- (iii) he is required to grant us an option to acquire the whole or part of his interests in Hsu Companies held directly or indirectly by Hsu Chih-Chien or any of the vessels owned by Hsu Companies at any time (the “**Option**”). The price at which the Option will be exercised shall be negotiated and agreed at arm's length between Hsu Chih-Chien and us at the time of exercise. If Hsu Chih-Chien and we fail to agree on the exercise price, an independent internationally recognized firm of valuers will be appointed to determine the exercise price;
- (iv) he is required to grant us a right of first refusal, in the event that Hsu Chih-Chien or any of his associates wish to sell the whole or any part of its interest in Hsu Companies or Hsu Companies wish to sell any of their vessels to any third party (the “**Right of First Refusal**”); and

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- (v) as long as Hsu Chin-Chien continues to hold any interest in Hsu Companies and Hsu Companies continue to carry on vessel chartering business, at the end of each half-year of a calendar year after the Listing Date, meetings between Hsu Chih-Chien and our management shall be convened. Hsu Chih-Chien shall disclose to our management at such meetings the current operations of Hsu Companies including the vessels which they own, their full list of customers and their business performance so that our management can form a view as to whether there has been a breach of the Deed of Non-competition, First Undertaking and Second Undertaking by Hsu Chih-Chien and whether actual or potential conflict of interest has occurred. Furthermore, based on such information so provided, and our management's understanding of the vessel chartering market, proposal as to whether to exercise the Option or the Right of First Refusal and other information relating to the Deed of Non-competition, First Undertaking and Second Undertaking will be presented by us to the independent non-executive Directors for their consideration. The independent non-executive Directors will hold an independent board committee meeting at the end of each such half-year to consider such proposal and to decide whether to exercise the Option or the Right of First Refusal. At such meeting, we shall provide the independent non-executive Directors with particulars of Customer Enquiry (as defined below) referred by Hsu Chih-Chien to us pursuant to the referral mechanism as hereinafter mentioned during the half-year period just ended and the outcome of such Customer Enquiry. Based on all the information so provided, the independent non-executive Directors will also consider whether the covenants contained in Deed of Non-competition, First Undertaking and Second Undertaking (including the referral mechanism as mentioned below) have been complied with by Hsu Chih-Chieh and what, if any, remedial actions (including but not limited to legal actions) should be taken.

Second Undertaking – Referral Mechanism

If Hsu Companies receive any enquiry for vessel chartering services from any of the Restricted Customers ("Customer Enquiry"), Hsu Chih-Chien shall immediately refer the Customer Enquiry to us. If we are unable to provide the vessel chartering services sought for under the Customer Enquiry due to the non-availability of our vessels, Hsu Companies may offer to that customer the vessel chartering service sought for under Customer Enquiry ("Refused Opportunity") upon our written confirmation and subject to the following terms:

- (i) Hsu Chih-Chien shall confirm to us in writing where that customer accepts vessel chartering services from Hsu Companies within 7 days of such acceptance;
- (ii) the provision of vessel chartering services by Hsu Companies to that customer shall be restricted to services sought for under Customer Enquiry and through Handysize vessels owned or controlled by Hsu Companies only;
- (iii) Hsu Chih-Chien and Hsu Companies shall not in any way solicit or attempt to solicit any future or other vessel chartering business from that customer; and
- (iv) in respect of any further enquiry for vessel chartering services from that customer to Hsu Companies, Hsu Chih-Chien shall proceed with this referral mechanism again.

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Second Undertaking – Exercise of the Option and the Right of First Refusal

As provided in the Second Undertaking, decisions as to whether or not to exercise the Option and the Right of First Refusal shall be decided by the sole discretion of our independent non-executive Directors. Given that our independent non-executive Directors has served in our Company for more than five years, our Directors consider that they will have the expertise to decide on the exercise of the Option and the Right of First Refusal. Should they consider necessary, they are also entitled to appoint industry consultant and/or independent financial adviser at our own cost to advise them on the exercise of the Option and the Right of First Refusal.

When considering whether or not to exercise the Option and the Right of First Refusal, our independent non-executive Directors will take into account the following factors:

- (i) in the case of acquisition of vessels from Hsu Companies, the title, conditions and remaining estimated useful lives of those vessels and whether the acquisition of those vessels accords with our development strategy;
- (ii) in the case of acquisition of Hsu's and/or his associates' interest in Hsu Companies, in addition to the above consideration on the vessels which such Hsu Companies own, whether such Hsu Companies and their business are expected to present a sustainable level of profitability, whether such Hsu Companies and their businesses have achieved and maintained sufficiently good stage of management and operation, whether the acquisition of such Hsu Companies and their businesses accords with our development strategy and whether such businesses can effectively and conveniently be merged with our business; and
- (iii) in both cases, whether in all other respects, the acquisition of such vessels or such interest in Hsu Companies (as the case may be) would be in the best interest of our Company's shareholders as a whole.

If our independent non-executive Directors resolve to exercise the Option or the Right of First Refusal, we will convene a general meeting seeking the independent shareholders to approve the exercise of the Option or the Right of First Refusal. We will appoint an independent financial advisor to review the terms of the acquisition of the interests in Hsu Companies or the relevant vessels (as the case may be) and provide a letter of advice to our independent board committee and our independent Members. In addition to the above, we will comply with the Listing Rules requirements prevailing from time to time.

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Second undertaking – Annual Review

The independent non-executive Directors will review, on an annual basis, (i) the exercise or non-exercise of the Option, and state their views with basis and reasons in our annual report; and (ii) whether Hsu Chih-Chien have fully complied with the First Undertaking and the Second Undertaking, and state such result in our annual report.

Relationship between First Undertaking and Second Undertaking

The Second Undertaking is supplemental to the First Undertaking, and they will complement each other. As such, the Directors consider the First Undertaking and the Second Undertaking are adequate in safeguarding the interests of our Shareholders and us.

We do not have any current intention to acquire any interest in Hsu Companies or Hsu Companies' vessels.

TERMINATION OF WAY-EAST AS SHIPPING AGENT

Way-East is a company controlled by Hsu Chih-Chien. Pursuant to an agency agreement between Courage Marine Holdings and Way-East dated 2 January 2004, as supplemented by agreements subsequently made between the same parties (collectively "Agency Agreement"), Courage Marine Holdings appointed Way-East as its agent to bid for chartering business awarded by Taiwan government-owned or privately-owned shippers in the territory of Taiwan and in the Panamax bulk carrier market segment.

The Agency Agreement was for an initial fixed term of 3 years from 2 January 2004. The parties agreed to extend the said term after its expiry.

Under the Agency Agreement, Courage Marine Holdings shall pay Way-East a commission of 0.5% of the net invoiced chartering price, and such commission is to be paid within 30 days of the receipt of payment made by the shipper.

By a memorandum dated 22 February 2011 entered into between our Company and Way-East, the Agency Agreement was terminated on 22 February 2011 ("Agency Termination Date"). Initially, Way-East was appointed as agent of Courage Marine Holdings primarily for the submission of tenders for chartering contracts with a Taiwanese state-owned corporation. Way-East was appointed because only Taiwanese corporation can submit such tenders. Since 2009, we have engaged Winmax Maritime Corporation, a Taiwanese company which is an Independent Third Party and qualified to submit such tenders, to replace Way-East to act as our agent for such tender. The memorandum dated 22 February 2011 between our Company and Way-East was a formal confirmation of the termination of the Agency Agreement. Following that, Way-East ceased to provide any agency service to our Group.

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Details of the aggregate amount of commission paid to Way-East pursuant to the Agency Agreement for each of the three years ended 31 December 2010 and for the period from 1 January 2011 up to the Agency Termination Date were as follows:

				For the period from 1 January 2011 up to the Agency Termination Date
US\$'000	FY2008	FY2009	FY2010	
Amount of commission paid to Way-East	US\$67	US\$2	Nil	Nil

Our Independence

Management and operational independence

Our day-to-day management and operational decisions are made by our senior management who have served us for a long time and has substantial experience in the industry in which we are engaged. They are capable of carrying out our day-to-day administrative and operational functions independently of the Controlling Shareholders. Further, our three independent non-executive Directors bring independent advice and judgement to the decision making process of our Board. Their services on the Audit, Nomination and Remuneration Committees also provide checks and balances to the decision making process of our Board.

Administrative independence

We have our own capabilities and personnel to perform all essential administrative functions including financial and accounting management and personnel development. Except for Chiu Chi-Shun who is the deputy general manager (systems and standard compliance) of our Company, our company secretary and senior management are independent of the Controlling Shareholders.

Financial independence

We have our own financial management system and the ability to operate independently from the Controlling Shareholders from a financial perspective. Our working capital and asset purchase are mainly funded from our own operational cash flow and occasionally by the issue of Shares or bank financing (without any security from the Controlling Shareholders). As such, the Directors consider that our finance is fully supported without reliance on the Controlling Shareholders.

Having considered the above reasons, the Directors are of the view that we are capable of carrying on our businesses independently of the Controlling Shareholders. We hold all relevant licenses necessary to carry on our businesses, and have sufficient capital, equipment and employees to operate our businesses independently of the Controlling Shareholders.