TRADING RECORD

The following table is a summary of the combined results of the Group for each of the three years ended 31 March 2010 prepared on the basis that the current structure of the Group was in existence throughout the period under review. The Group's combined results has been prepared in accordance with HKFRSs. The summary should be read in conjunction with the accountants' report set out in Appendix I to this prospectus.

	Year ended 31 March		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Revenue	34,577	52,203	41,782
Cost of services	(17,845)	(23,731)	(21,159)
Gross profit	16,732	28,472	20,623
Gross profit margin	*48.4%*	*54.5%*	*49.4%*
Other income	778	355	543
General and administrative expenses	(513)	(622)	(269)
Other losses	—	(941)	(177)
Finance costs	(3,513)	(3,641)	(1,361)
Profit before tax	13,484	23,623	19,359
Income tax expense	—	—	—
Profit and total comprehensive income for the year	13,484	23,623	19,359
Net profit margin	*39.0%*	*45.3%*	*46.3%*

GENERAL FACTORS AFFECTING THE RESULTS OF OPERATIONS AND FINANCIAL CONDITION OF THE GROUP

Global and regional economic and trade conditions

The business of the Group depends substantially on the global economic and regional economic and market conditions, in particular, the China economic, level of international and regional trade in particular, the China trade. For the year ended 31 March 2010, the revenue and the profit and total comprehensive income of the Group have decreased by 20.0% and 18.1% respectively as compared with that for the year ended 31 March 2009 mainly due to the general decrease in the Group's as well as the international charter hire rate in the market due to the slowdown of the global economy as a result of the financial tsunami which occurred in December 2008. On the other hand, the revenue of the Group is also affected by the increasing importance of dry bulk trading in China as compared with the world. Any fluctuation of the global economic and China economic and trade may affect the market hire rate and the revenue of the Group.

World dry bulk vessels

Increase in the supply of marine transportation capacity in the world can intensify the competitive pressure in the market and thereby affect the charter hire rates to be offered by the Group. In light of the increasing total capacity of the world dry bulk fleet from about 197.1 million dwt at the end of 1985 to about 459.6 million dwt at the end of 2009, representing a CAGR of about 3.6% and the capacity of ordered vessels as at 1 March 2010 as compared with that of the world fleet as at 31 December 2009 of about 62.3%, the supply of world dry bulk vessels in near future is expected to increase which may have adverse affect on the market hire rate.

Time charter hire rate

The time charter hire rate is generally affected by the dynamic macro-economy of which the global and regional economic and trade conditions and the world dry bulk vessel supply form parts. Generally, negotiation on time charter hire rate for a new charter agreement commences when the existing charter agreement is about to expire. Should the macro-economy bloom when negotiation on time charter hire rate for a new charter agreement takes place, the Daily TCE of the vessel to be chartered out is likely to be more favourable to the Group and the revenue of the Group may increase.

Fleet composition and capacity of the Group

Revenue of the Group is fundamentally varied by the number of vessels owned and chartered out by the Group and the Group's fleet composition. As at the Latest Practicable Date, the Group's fleet consists of three panamax dry bulk vessels and one capesize dry bulk vessel, among which, two panamax dry bulk vessels and one capesize dry bulk vessel, namely GH FORTUNE, GH POWER and GH RESOURCES, are owned by the Group without any finance lease arrangement with a total carrying capacity of about 275,138 dwt, and one panamax dry bulk vessel, namely GREAT HARVEST, with a carrying capacity of about 68,192 dwt, is currently subject to the finance lease arrangement as more particularly described in the section headed "Business — Business of the Group — Fleet composition" in this prospectus. By acquiring additional vessels or disposing any of the Group's vessels, the Group is able to change and optimise the Group's fleet structure. The average Daily TCE of the Group varies depending on the type of dry bulk vessels owned and chartered out by the Group with different risks, charter hire rates and costs incurred.

Finance cost borne by the Group

The Group financed its acquisition of vessels with its internal resources, advances from Directors and/or bank borrowings. Through repayment of bank loans, the Group's gearing ratio (being the bank loans divided by the total assets of the Group) of about 60.3%, 46.7% and 34.0% and finance cost which accounted for about 10.2%, 7.0% and 3.3% of the revenue of the Group for each of the years ended 31 March 2008, 2009 and 2010 respectively had decreased. As all of the bank borrowings of the Group in effect as at the Latest Practicable Date bear interest at variable rates, and the Group had not used any interest rate swaps in order to mitigate its exposure associated with the interest rate fluctuations risk, any increase in the interest rates could cause the Group's finance costs to increase, which could adversely affect the results of the Group.

BASIS OF PRESENTATION

Pursuant to the Reorganisation as set out in the section headed "Reorganisation" in Appendix V to this prospectus, the Company became the holding company of the companies now comprising the Group. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity as the Group was under the control of Mr. Yan and Ms. Lam prior to and after the Reorganisation. The financial information of the Group has been prepared on the basis as if the Company had always been the holding company of the Group using the principles of merger accounting.

The combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group have been prepared as if the current group structure had been in existence throughout the Track Record Period, or since their respective date of incorporation or establishment, where this is a shorter period. The combined statements of financial position as at 31 March 2008, 2009 and 2010 represent the assets and liabilities of the Group which had been incorporated or established as at the end of each relevant reporting year as if the current group structure had been in existence at the end of those reporting year.

CRITICAL ACCOUNTING POLICIES, CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The financial information of the Group has been prepared by the Directors based on HKFRSs Financial Statements, or, where appropriate, management accounts of the companies comprising the Group for the Track Record Period. A summary of the principal accounting policies, critical accounting judgements and key sources of estimation uncertainty used in the preparation of the Group's combined results is set forth in the accountants' report in the Appendix I to this prospectus. The preparation of the financial information of the Group in conformity with HKFRSs requires management to make various estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on past experience, expectation of the future and other information that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Group believes the following critical accounting policies, critical accounting judgements and key sources of estimation uncertainty involve the most significant judgements and estimates used in the preparation of the financial information of the Group.

Critical accounting policies

Merger accounting for business combinations involving entities under common control

The financial information of the Group during the Track Record Period as set out in Appendix I to this prospectus incorporates the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined statements of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of common control combination.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred.

Impairment of tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. When parts of an item of property, plant and equipment have different useful lives, the cost of each part is depreciated separately.

Depreciation is charged so as to write off the costs of vessels over their remaining estimated useful lives from the date of their acquisition with the initial estimated useful life of 25 years, after allowing for residual values estimated by the Directors, using the straight-line method. Each vessel's residual value is equal to the product of its lightweight tonnage and estimated scrap rate.

Vessel component costs include the cost of major components which are usually replaced or renewed at drydockings. The Group capitalises drydocking costs as they are incurred and depreciates these costs over their estimated useful lives, using the straight-line method over the period of 5 years.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return of the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit and loss on a straight-line basis over the term of the relevant lease.

Financial instruments

Financial assets and financial liabilities are recognised on the combined statements of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, restricted bank deposits, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For loans and receivable, objective evidence of impairment could include:

— significant financial difficulty of the issuer or counterparty; or

— default or delinquency in interest or principal payments; or

— it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss where there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets carried at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific loans pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

Income from time charter is recognised on a time proportion basis.

Service income is recognised when the services are rendered.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit as reported in the combined statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the combined statements of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Critical judgments in applying accounting policies

Finance leases

The Group entered into a memorandum of agreement in disposing of a vessel to a third party at a consideration of US$41.6 million in May 2008. Due to the financial turmoil taken place afterwards, the buyer could not complete the transaction, and the original memorandum of agreement was cancelled. In order to secure the original consideration, the Group entered into revised agreements by leasing and disposing of the captioned vessel to the original buyer at the agreed consideration of US$41,600,000 in December 2008, when the Baltic Dry Index had significantly dropped as compared with May 2008. The consideration should be settled by (i) the first upfront payment of US$4,160,000 at the date of signing the revised agreements; (ii) second upfront payment of US$4,000,000 three months after signing the revised agreements; (iii) US$31,300,000 over a period of 60 months on a time charter basis, and (iv) a final payment of US$2,000,000 after 60 months.

As the Group transferred substantially all the risks and rewards incidental to the ownership of the vessel to the buyer and will provide vessel management services to the buyer, the transactions comprise a finance lease arrangement and provision of services. In view of the less favourable market environment in December 2008, the Directors had exercised judgment and determined that the consideration mentioned in (i), (ii) and (iv) above amounting to US$10,160,000 should be the gross investment in the finance lease which was used in the calculation of the finance lease receivable and finance income; and the consideration of US$31,300,000 mentioned in (iii) above was considered as service income to the Group which should be recognised when the services are rendered.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Residual value and depreciation of property, plant and equipment

As described in note 3 to the accountants' report set out in Appendix I to this prospectus, property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives to the estimated residual value. The Group determines the estimated residual values for all its vessels. This estimate is based on all relevant factors (including the use of the current scrap values of steels in an active market as a reference value) at each measurement date. The Group assesses regularly the residual value and the useful life of the property, plant and equipment and if the expectation differs from the original estimate, such difference will impact the depreciation in the year in which such estimate has been changed.

Impairment of property, plant and equipment

The Group assesses regularly whether property, plant and equipment have any indication of impairment in accordance with its accounting policy. The Group reviews the carrying amounts of the vessels based on the comparison of scrap value to the carrying amount of the assets as well as its value in use. These calculations require the use of judgment and estimates. On the above basis, the Group is of the view that no impairment of property, plant and equipment is required. The carrying amount of the Group's property, plant and equipment was US$154,855,000, US$133,995,000 and US$125,372,000 as at 31 March 2008, 2009 and 2010, respectively.

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. The carrying amount of trade receivables was US$845,000, US$275,000 and US$203,000 as at 31 March 2008, 2009 and 2010, respectively.

Estimated impairment of finance lease receivable

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. The carrying amount of finance lease receivable was nil, US$4,898,000 and US$1,373,000 as at 31 March 2008, 2009 and 2010, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Investors should read the following management discussion and analysis in conjunction with the combined results of the Group for the Track Record Period, which is set forth in the accountants' report set out in Appendix I to this prospectus. Except for the financial information extracted from the combined results of the Group, the remainder of the Group's financial information presented herein has been extracted or derived from other financial records of the Group which the Directors have taken a reasonable amount of care to prepare. Investors should read the whole of the accountants' report and not rely merely on the financial synopsis contained in this section.

Overview

The Group is principally engaged in chartering of the Group's own vessels. It is the registered owner of four vessel, among which, two panamax dry bulk vessels and one capesize dry bulk vessel, namely GH FORTUNE, GH POWER and GH RESOURCES, are owned by the Group without any finance lease arrangement with a total carrying capacity of about 275,138 dwt, while the Group's remaining panamax dry bulk vessel, namely GREAT HARVEST, with a carrying capacity of about 68,192 dwt, is currently subject to the finance lease arrangement as mentioned below.

The Group has been establishing its market presence in the marine transportation market as ship owner since it purchased its first vessel in 2004. The Group purchased three additional vessels over the past five years, resulting in the aggregate carrying capacity of its fleet growing fivefold from 68,192 dwt to 343,330 dwt, to cope with the increasing demand from its customers in the marine transportation market.

On 4 December 2008, the Group entered into agreements with a Korean ship charterer, an Independent Third Party, pursuant to which the charterer agreed to hire and purchase GREAT HARVEST on the following terms: (i) the charterer paid to the Group an aggregate of US$8.16 million on or before 31 March 2009 by two instalments as upfront payments; (ii) the charterer hired GREAT HARVEST on a time charter basis from the Group for a charter period of 60 months from the date of delivery under the time charter agreement on 6 December 2008 at an estimated aggregate charter hire of US$31.3 million; (iii) following expiry of the time charter agreement mentioned in (ii) above in December 2013 and upon redelivery of GREAT HARVEST by the charterer to the Group under the said time charter, the charterer shall purchase and take delivery of GREAT HARVEST from the Group at a consideration of US$2.0 million. As set out in the accountants' report set forth in the Appendix I to this prospectus, these transactions have resulted in (i) a loss on disposal amounted to about US$941,000 due to derecognising GREAT HARVEST with the carrying value of US$9,841,000 on 4 December 2008 (while the capital value at the inception of the finance lease was US$8.9 million); (ii) finance lease receivable being the present value of the cash inflow of the upfront payments and final instalment; (iii) the finance income from the finance lease receivable being accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate; and (iv) the service income (being the charter hire income for a charter period of 60 months at an estimated aggregate charter hire of US$31.3 million) charged to the charterer for provision of the operating services in respect of GREAT HARVEST by the Group on the terms as set out in the relevant time charter agreement, the general terms for which are more particularly described in the section headed "Business — Business of the Group — General" in this prospectus.

According to the terms of the abovementioned agreement, in the event that any amount paid by the Korean charterer shall be subject to any withholding, deduction or set off as imposed by laws applicable to the Korean charterer, the Korean charterer would be required to pay such additional amount as may be necessary so that the actual amount received by the Group after any deduction or withholding shall equal to the amount that would have been received by the Group if such deduction or withholding were not required. Also, the Korean tax authority may impose an obligation on the Korean charterer to withhold such amount of tax payable from the payment to the Group, but does not have any right to request for payment by the Group. In light of the above, any applicable withholding tax required should be solely borne by the Korean charterer. Further, the Group has obtained the entire two upfront payments of US$8.16 million from the Korean charterer as at 31 March 2010. The Group is not aware as to whether the amount received by the Group represents the aggregate of the post-withholding tax amount of the upfront payments and the additional amount as paid by the Korean charterer pursuant to the tax gross-up provision, or whether the withholding tax rulings are not applicable to this finance lease arrangement at all. Nevertheless, in either case, the Group is not subject to payment of withholding tax under the relevant Korean tax ruling and contractually any tax on the sales proceeds should had been paid by the Korean charterer in accordance with the relevant agreement.

During the Track Record Period, all of the Group's vessels are hired out on time charter basis. Under the Group's time charter agreements, the Group's vessels are chartered out to the charterers for a contractual period of time, during which the Group is generally required to provide and pay for all provisions and fees of the crew, insurance of the vessels and repair and maintenance costs while the charterers shall bear the costs that are directly related to the voyages, such as bunker fees except as otherwise agreed, port charges and pilotages on charterers' businesses and other usual expenses.

In the future, the Group intends to expand its shipping capacity with the aim of continuing to establish its market presence in the marine transportation industry by expanding its vessel fleet.

Overview of major items of statement of comprehensive income of the Group

Revenue

Revenue of the Group mainly represented time charter income generated from time chartering its dry bulk vessels and service income generated from GREAT HARVEST since 4 December 2008.

	Year ended 31 March		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Revenue			
Time charter income	34,577	49,976	34,819
Service income	—	2,227	6,963
	34,577	**52,203**	**41,782**

The time charter income earned by the Group was mainly affected by the total carrying capacity available and the number and the size of the vessels owned by the Group, utilisation rate of the Group's fleet and the average Daily TCE of the Group's fleet during the Track Record Period. The service income which was mainly derived from the time charter income received in respect of GREAT HARVEST over the leasing period since 4 December 2008 was mainly affected by the utilisation rate and the average Daily TCE of GREAT HARVEST during the Track Record Period.

The following table sets out certain key terms of all the time charter agreements of the Group covering the Track Record Period.

Vessel name	Agreement date	Period of time charter	Duration of the time charter during the Track Record Period *days*	Time charter hire rate *(note)* *US$ per day*
GREAT HARVEST	15 September 2005	17 October 2005 to 7 August 2006	—	17,750
	addendum dated 16 June 2006 to the agreement dated 15 September 2005	7 August 2006 to 1 December 2008	610	14,900
	4 December 2008	6 December 2008 to December 2013	433	19,300 (from 6 December 2008 to 12 February 2010)
			47	18,630 (from 13 February 2010 onwards)
GH FORTUNE	23 June 2006	13 October 2006 to 28 November 2007	241	18,500
	25 June 2007	28 November 2007 to 20 October 2008	327	42,500
	14 October 2008	20 October 2008 to 28 November 2008	39	11,000
	23 October 2008	28 November 2008 to 13 December 2009	380	18,000
	18 November 2009	13 December 2009 to 16 May 2010	109	28,500
GH POWER	3 January 2007	18 June 2007 to 24 June 2010	779	25,500

Vessel name	Agreement date	Period of time charter	Duration of the time charter during the Track Record Period *days*	Time charter hire rate *(note)* *US$ per day*
GH RESOURCES	9 March 2007	15 March 2007 to 15 May 2007	44	52,000
	4 April 2007	15 May 2007 to 15 November 2007	184	55,000
	addendum dated 9 May 2007 to the agreement dated 4 April 2007	15 November 2007 to 5 August 2008	265	65,000
	addendum dated 6 May 2008 to the agreement dated 4 April 2007	6 August 2008 to 5 December 2008	122	105,000
	addendum dated 8 September 2008 to the agreement dated 4 April 2007	6 December 2008 to 5 June 2009	182	49,000
	addendum dated 28 November 2008 to the agreement dated 4 April 2007	6 June 2009 to 23 October 2009	139	69,000
	24 November 2009	6 December 2009 to 15 March 2010	99	43,500
	addendum dated 5 March 2010 to the agreement dated 24 November 2009	15 March 2010 to 10 July 2010	16	29,500

Note: The daily time charter hire rate in the table above represents daily charter hire amount which the Group is entitled to receive under the relevant time charter agreement without taking into account any off-hire during the relevant charter period due to repair and maintenance, speed claims or any other reasonable claims arising from the under-performance of the vessels, which is different from the Daily TCE of the relevant vessel which takes into account such deduction or loss of charter hire.

For details of the existing time charters in respect of the Group's vessels as of the Latest Practicable Date, please refer to the section headed "Business — Business of the Group — General".

The following table sets out the information of the fleet capacity of the Group during the Track Record Period.

Name of vessels	Type of dry bulk vessels	Tonnage available *(dwt)*	Date of becoming the registered owner of the vessels	Period of servicing during the Track Record Period
GREAT HARVEST	panamax size	68,192	6 May 2004	1 April 2007 to 31 March 2010
GH FORTUNE	panamax size	75,214	15 March 2005	1 April 2007 to 31 March 2010
GH RESOURCES	capesize	123,503	14 March 2007	1 April 2007 to 31 March 2010
GH POWER	panamax size	76,421	11 February 2008	11 February 2008 to 31 March 2010

Since GH POWER was acquired by the Group on 11 February 2008, the number of days that it was owned by the Group for the three years ended 31 March 2010 were 49.3 days, 365 days and 365 days respectively. The number of days that each of GREAT HARVEST, GH FORTUNE AND GH RESOURCES owned by the Group for the three years ended 31 March 2010 were 366 days, 365 days and 365 days respectively.

The following table sets out the fleet utilisation information of the Group for the Track Record Period.

	Utilisation rate *(Note)* **Year ended 31 March**		
Vessel name	**2008**	**2009**	**2010**
GREAT HARVEST	99.3%	87.8%	100.0%
GH FORTUNE	100.0%	99.9%	99.9%
GH POWER	100.0%	100.0%	100.0%
GH RESOURCES	83.3%	100.0%	87.5%

Note: The utilisation rate for each vessel is calculated based on the total number of days during which the vessel was operated by the Group, less such estimated number of off-hire days due to dry-docking and other repair and maintenance and the off-hire period in between two charter periods, divided by the total number of days of the vessels operated by the Group for the year. The relatively lower utilisation rates of GH RESOURCES in the year ended 31 March 2008 and that of GREAT HARVEST in the year ended 31 March 2009 were due to dry-docking of the vessels for intermediate surveys during the relevant year, and that of GH RESOURCES in the year ended 31 March 2010 was due to dry-docking of the vessel for special survey during the year.

The following table sets out the number of days during which each of the Group's vessels was operated by the Group less the number of off-hire days due to repair and maintenance and the off-hire period between two charter periods and otherwise days without charter hire for reasons other than repair and maintenance; and the days for calculating the average Daily TCE of each vessel during the Track Record Period:

For year ended 31 March 2008

Vessel Name	Total number of days for which vessel was operated by the Group (A)	Number of days without charter hire due to repair and maintenance and between two charter periods (B)	Number of days without charter hire for reasons other than repair and maintenance (C)	Number of days for calculating the average Daily TCE (A)–(B)–(C)	Utilisation Rate ((A)–(B)) ÷ (A)
GREAT HARVEST	366.0	2.5	0.5	363.0	99.3%
GH FORTUNE	366.0	0.0	0.0	366.0	100.0%
GH POWER	49.3	0.0	1.7	47.6	100.0%
GH RESOURCES	366.0	61.0	0.0	305.0	83.3%
The Group's overall	**1,147.3**	**63.5**	**2.2**	**1,081.6**	**94.5%**

For year ended 31 March 2009

Vessel Name	Total number of days for which vessel was operated by the Group (A)	Number of days without charter hire due to repair and maintenance and between two charter periods (B)	Number of days without charter hire for reasons other than repair and maintenance (C)	Number of days for calculating the average Daily TCE (A)–(B)–(C)	Utilisation Rate ((A)–(B)) ÷ (A)
GREAT HARVEST	365.0	44.6	0.0	320.4	87.8%
GH FORTUNE	365.0	0.1	2.9	362.0	99.9%
GH POWER	365.0	0.0	0.0	365.0	100.0%
GH RESOURCES	365.0	0.0	0.0	365.0	100.0%
The Group's overall	**1,460.0**	**44.7**	**2.9**	**1,412.4**	**96.9%**

For year ended 31 March 2010

Vessel Name	Total number of days for which vessel was operated by the Group (A)	Number of days without charter hire due to repair and maintenance and between two charter periods (B)	Number of days without charter hire for reasons other than repair and maintenance (C)	Number of days for calculating the average Daily TCE (A)–(B)–(C)	Utilisation Rate ((A)–(B)) ÷ (A)
GREAT HARVEST	365.0	0.0	0.0	365	100%
GH FORTUNE	365.0	0.5	13.1	351.4	99.9%
GH POWER	365.0	0.0	0.0	365.0	100.0%
GH RESOURCES	365.0	45.5	0.0	319.5	87.5%
The Group's overall	**1,460.0**	**46.0**	**13.1**	**1,400.9**	**96.8%**

Given the fleet utilisation rates of the Group's vessels were relatively high, the fluctuation of the time charter income earned or received by the Group was mainly because of the 49.3 days of GH POWER owned by the Group for the year ended 31 March 2008 because of the acquisition of GH POWER near the relevant year end and the fluctuation of average Daily TCE of each of the vessels during the Track Record Period.

The following table sets out the average Daily TCE and the revenue derived from time charter income earned or received by each of the Group's vessels during the Track Record Period:

	Year ended 31 March								
	2008			2009			2010		
	Average Daily TCE	Approximate time charter income earned or received		Average Daily TCE	Approximate time charter income earned or received		Average Daily TCE	Approximate time charter income earned or received	
	US$	*US$*	*%*	*US$*	*US$*	*%*	*US$*	*US$*	*%*
Time charter income by vessels:									
GREAT HARVEST *(note)*	15,124	5,490,000	15.9	14,299	2,990,000	6.0	—	—	—
GH FORTUNE	26,821	9,816,000	28.4	31,909	11,551,000	23.1	21,741	7,640,000	21.9
GH POWER	26,030	1,239,000	3.6	25,412	9,275,000	18.6	25,179	9,190,000	26.4
GH RESOURCES	59,121	18,032,000	52.1	71,670	26,160,000	52.3	56,302	17,989,000	51.7
	31,968	34,577,000	100.0	38,411	49,976,000	100.0	33,612	34,819,000	100.0
Service income by vessel:									
GREAT HARVEST *(note)*	—	—	—	20,009	2,227,000	100.0	19,078	6,963,000	100.0
The Group's overall	**31,968**	**34,577,000**		**36,960**	**52,203,000**		**29,825**	**41,782,000**	

Note: In respect of GREAT HARVEST, time charter income of GREAT HARVEST during the Track Record Period as set out in the table above is calculated by summation of time charter income earned by GREAT HARVEST prior to 4 December 2008 (being the date on which Greater Shipping entered into agreements with an Independent Third Party resulting in derecognition of GREAT HARVEST from being vessel of the Group since then) (for details, please refer to the paragraph headed "Overview" under this section) and the service income earned by GREAT HARVEST since 4 December 2008 for the purpose of illustration and information only.

During the Track Record Period, the average Daily TCE earned or received by the Group were about US$31,968, US$36,960 and US$29,825 respectively which were resulted from the charter hire rate earned or received by each of GREAT HARVEST, GH FORTUNE, GH POWER and GH RESOURCES and their number of days during which the vessels were operated by the Group, excluding the number of days without charter hire due to repair and maintenance and between two charter periods and the number of days agreed with the charterers due to the speed claims or any other reasonable claims arising from the under-performance of the vessels during the relevant period under the respective charter. The charter hire rate of each vessel was generally affected by the charter hire rate in the market at the time as and when the charter agreement was entered into the charter period of each vessel determined by the Group after taking into accounts of the age of the vessel and the anticipated changes in charter hire rates in the global dry bulk marine transportation market.

During the Track Record Period, the average Daily TCE earned or received by GREAT HARVEST, GH FORTUNE and GH POWER, all being panamax size dry bulk vessels, ranged from about US$15,124 to about US$31,909.

For each of the three years ended 31 March 2010, the average Daily TCE of GREAT HARVEST of about US$15,124, US$16,283 and US$19,078 respectively were generally lower than that of GH FORTUNE of about US$26,821, US$31,909 and US$21,741 respectively and GH POWER of about US$26,030, US$25,412 and US$25,179 respectively mainly because (i) GREAT HARVEST is a relatively old vessel of about 24 years old which is less competitive in the market in terms of charter hire rate; and (ii) it is chartered out during the Track Record Period under two long term charter agreements which were entered into in the last quarter of 2005 when the charter hire rate in the market were comparatively low and at the end of 2008 when the charter rate under the time charter agreement in December 2008 was determined on commercial terms (rather than at the then market rates) between the Group and a Korean ship charterer, an Independent Third Party, taking into account the consideration payable by such charterer as previously agreed between the Group and such charterer in May 2008 under the sale arrangement of GREAT HARVEST as referred to under the paragraph headed "Management discussion and analysis — Overview" in this section.

The average Daily TCE of GH POWER were relatively more stable than that of the GH FORTUNE because it was chartered out for about 3 years during the Track Record Period under a charter agreement which was assigned to the Group at the time when GH POWER was purchased.

GH FORTUNE, being a young vessel of about 8 years old with more competitive power in terms of charter hire rate, was chartered out during the Track Record Period under several charter agreements for charter periods ranged from 39 days to 1.3 years by the Group with a view to capture the best available charter hire rates. Accordingly, GH FORTUNE recorded the highest average Daily TCE during the Track Record Period among the Group's panamax size vessels of about US$31,909 in the year ended 31 March 2009. GH FORTUNE recorded a lower average Daily TCE of about US$21,741 for the year ended 31 March 2010 mainly because the overall charter hire rate in the market slumped towards the end of 2008 when a charter agreement for a period of over 12 months was entered into with a charterer in October 2008 and the overall charter hire rate in the market, although recovered from the low in the end of 2008, was not as high as that prior to the slump in the last quarter of 2008 when another charter agreement was entered into with another charterer near the end of 2009.

Being a capesize dry bulk vessel, the average Daily TCE earned by GH RESOURCES, ranging from about US$56,302 to about US$71,670 during the Track Record Period, were generally higher than that of the other three vessels of the Group. Having considered that GH RESOURCES, being about 20 years old, is slightly above the average age of world dry bulk vessels with tonnage available ranged 100,000 dwt to 159,999 dwt of about 18.3 years old as at 1 March 2010, the Directors considered that GH RESOURCES is not an old vessel and chartered GH RESOURCES out under short term time charter during the Track Record Period with a view to capture the best available charter hire rates. When signing the time charter in respect of GH RESOURCES in September 2008 (which was prior to the slump of the Baltic Dry Index to the lowest point at the end of 2008), the Directors considered that the charter hire rate was high and anticipated that there might be an adjustment of charter hire rate market and thus, locked the charter period of GH RESOURCES for almost one year from December 2008 to October 2009. This has successfully sheltered it from the charter hire rate fluctuation covering the charter period despite the market slump. GH RESOURCES recorded its highest average Daily TCE during the Track Record Period of about US$71,670 for the year ended 31 March 2009. It recorded a lower average Daily TCE of about US$56,302 for the year ended 31 March 2010 mainly because the overall charter hire rate in the market at the time when another charter agreement was entered into with another charterer in November 2009, although recovered from the low in the end of 2008, was not as high as that before the slump in the last quarter of 2008.

Cost of services

Cost of services of the Group represented the operating expenses of the Group's vessels. As set out in the accountants' report in the Appendix I to this prospectus, as GREAT HARVEST was derecognised as vessel of the Group since 4 December 2008, no depreciation expenses in respect of GREAT HARVEST was included in the cost of services of the Group since 4 December 2008. The following table sets out the breakdown of the Group's cost of services during the Track Record Period.

	Year ended 31 March					
	2008		2009		2010	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
Depreciation expenses	9,750	54.6	12,629	53.2	11,015	52.1
Crews and seafarers salaries and related expenses	1,886	10.6	3,198	13.5	3,130	14.8
Brokerage and address commission expenses	1,778	10.0	2,668	11.2	2,001	9.5
Repairs and maintenance expenses	2,133	12.0	1,168	4.9	1,486	7.0
Insurance premium and provision	767	4.3	1,103	4.6	1,233	5.8
Bunker fuel and lubricating oil expenses	752	4.2	1,657	7.0	1,361	6.4
Vessel management fees	289	1.6	370	1.6	370	1.7
Agency fees to a related party	257	1.4	372	1.6	316	1.5
Others	233	1.3	566	2.4	247	1.2
Total	**17,845**	**100.0**	**23,731**	**100.0**	**21,159**	**100.0**

During the Track Record Period, the cost of services incurred in generating the time charter income were about US$17.8 million, US$23.7 million and US$21.2 million respectively. It primarily consisted of depreciation expenses of the vessels, crews and seafarers salaries and related expenses, brokerage and address commission expenses, repairs and maintenance expenses, insurance premium and provision, bunker fuel and lubricating oil expenses, vessel management fee to Wallem, and agency fees to a related party. During the Track Record Period, the depreciation expenses, crews and seafarers salaries and related expenses, brokerage and address commission expenses, repair and maintenance expenses and insurance premium and provision were the five largest portion of the cost of services with aggregate amount of about US$16.3 million, US$20.8 million and US$18.9 million for each of the three years ended 31 March 2010, respectively (constituted about 91.4%, 87.5% and 89.2% of the total cost of services for each of the three years ended 31 March 2010 respectively). The depreciation expenses, being the fixed costs and the largest portion of the cost of services, constituted about 54.6%, 53.2% and 52.1% of the total cost of services of the Group for each of the three years ended 31 March 2010 respectively. The crews and seafarers salaries and related expenses, being the second largest portion of the cost of services for the two financial year ended 2009 and 2010, constituted about 10.6%, 13.5% and 14.8% of the total cost of services of the Group for each of the three years ended 31 March 2010 respectively. The increase in crews and seafarers salaries and related expenses for the year ended 31 March 2009 as compared to the corresponding period in 2008 was mainly attributable to (i) an additional team of crews and seafarers was hired for serving GH POWER since February 2008 after its acquisition by the Group; and (ii) the upward adjustment of salaries of crews and seafarers. The crews and seafarers salaries and related expenses for the year ended 31 March 2010 remained stable. The brokerage and address commission expenses constituted about 10.0%, 11.2% and 9.5% of the total cost of services of the Group for each of the three years ended 31 March 2010 respectively. The brokerage and address commission expenses vary with the revenue and represented the amount of brokerage commission paid to Group's shipbrokers at a rate ranging from 0.75% to 3.75% of the charter hire and to charterer of address commission at a rate ranging from 3.75% to 4.25% of the charter hire. The repairs and maintenance expenses constituted about 12.0%, 4.9% and 7.0% of the total cost of services of the Group for each of the three years ended 31 March 2010 respectively. The insurance premium and provision constituted about 4.3%, 4.6% and 5.8% of the total cost of services of the Group for each of the three years ended 31 March 2010 respectively.

Gross profit and gross profit margin

Gross profit of the Group comprise of gross profit in respect of the time charter income and the service income. During the Track Record Period, the gross profit of the time charter income were resulted from the time charter income earned and operating expenses incurred by the Group's owned vessels while the service income were resulted from the time charter income received and operating expenses incurred by GREAT HARVEST over the leasing period since 4 December 2008. The following table sets out the gross profit and gross profit margin of the two segments of the Group during the Track Record Period.

	Year ended 31 March		
	2008	**2009**	**2010**
Gross profit of the Group (US$'000)	**16,732**	**28,472**	**20,623**
Gross profit margin of the Group	**48.4%**	**54.5%**	**49.4%**
Contribution of gross profit in respect of the time charter income to the total gross profit	*100.0%*	*94.6%*	*76.6%*
Contribution of gross profit in respect of the service income to the total gross profit	*—%*	*5.4%*	*23.4%*
Time charter segment			
Gross profit margin	*48.4%*	*53.9%*	*45.4%*
Service income segment			
Gross profit margin	*—%*	*69.5%*	*69.3%*

The fluctuation of the gross profit margin of the Group depended on the contribution of gross profit in respect of the time charter and the service income. The gross profit margins in respect of the service income segment were higher than that in respect of the time charter segment because no depreciation expense was included in the cost of services for the service income segment since 4 December 2008 as and when GREAT HARVEST was derecognised from being vessel of the Group.

During each of the three years ended 31 March 2010, the gross profit margin were about 48.4%, 54.5% and 49.4%, respectively, among which the gross profit in respect of the time charter contributed to about 100.0%, 94.6% and 76.6% of the overall gross profit during the same periods, respectively, while service income contributed to about nil%, 5.4% and 23.4% of the overall gross profit of the Group, respectively.

During the Track Record Period, the gross profit margin of the Group in respect of the time charter incomes were of about 48.4%, 53.9% and 45.4% for each of the three years ended 31 March 2010 respectively. Given the depreciation expenses which were fixed costs and constituted more than 50% of the cost of services of the Group during the Track Record Period, the variance of the gross profit margins of the Group during the Track

Record Period were sensitive to the fluctuation of the Group's average Daily TCE which year-to-year fluctuation during each of the two years ended 31 March 2010 were of about 20.2% and (12.5)% respectively, mainly due to the contribution of time charter income and the average Daily TCE of each vessel to the Group, details of which have been set out in the table set out under the paragraph headed "Revenue" above.

The average Daily TCE of the Group's time charter income segment increased from about US$31,968 for the year ended 31 March 2008 to about US$38,411 for the year ended 31 March 2009, representing an increase of about 20.2% mainly due to (i) the increase of the average Daily TCE of GH RESOURCES from about US$59,121 for the year ended 31 March 2008 to about US$71,670 for the year ended 31 March 2009 (representing an increase of about 21.2%) which contribution represented over 50% of the Group's time charter income throughout the Track Record Period; (ii) the increase of the average Daily TCE of GH FORTUNE from about US$26,821 for the year ended 31 March 2008 to about US$31,909 for the year ended 31 March 2009 (representing an increase of about 19.0%) which contribution represented over 20% of the Group's time charter income throughout the Track Record Period.

The average Daily TCE of the Group's time charter income segment decreased from about US$38,411 for the year ended 31 March 2009 to about US$33,612 for the year ended 31 March 2010, representing a decrease of about 12.5% mainly due to (i) the decrease of the average Daily TCE of GH RESOURCES from US$71,670 for the year ended 31 March 2009 to about US$56,302 for the year ended 31 March 2010 (representing a decrease of about 21.4%) which contribution represented over 50% of the Group's time charter income throughout the Track Record Period; and (ii) the decrease of the average Daily TCE of GH FORTUNE from about US$31,909 for the year ended 31 March 2009 to about US$21,741 for the year ended 31 March 2010 (representing a decrease of about 31.9%) whose contribution represented over 20% of the Group's time charter income throughout the Track Record Period.

The variance of gross profit margin of the Group for its time charter income segment during the Track Record Period were also sensitive to the fluctuation of those variable operating costs, which year-to-year fluctuation during each of the two years ended 31 March 2010 were of about 37.1% and (8.6)%, mainly due to the fluctuation of crews and seafarers salaries and related expenses and the brokerage and address commission expenses.

During the Track Record Period, the gross profit margin in respect of the service income earned by GREAT HARVEST since 4 December 2008 were of about 69.5% and 69.3% respectively. No material fluctuation of such gross profit margins is noted.

The following table sets out the analysis of the gross profit margin for each of the Group's vessels during the Track Record Period:

	Year ended 31 March		
	2008	**2009**	**2010**
Gross profit margin of GREAT HARVEST	19.3%	14.5%	69.3%
Gross profit margin of GH FORTUNE	59.8%	61.2%	44.5%
Gross profit margin of GH RESOURCES	53.2%	64.9%	48.7%
Gross profit margin of GH POWER	17.4%	39.6%	39.5%

During the Track Record Period, the gross profit margin of each of the vessels owned by the Group were generally in line with the fluctuation of revenue for each of the vessels owned by the Group, save for (i) the significant increase in gross profit margin of GREAT HARVEST from 14.5% for the year ended 31 March 2009 to 69.3% for the year ended 31 March 2010 mainly due to GREAT HARVEST being derecognised from being a vessel of the Group since 4 December 2008. No depreciation expenses in respect of GREAT HARVEST was included in the cost of services of the GREAT HARVEST for the year ended 31 March 2010; (ii) a gross profit margin of 17.4% recorded by GH POWER for the year ended 31 March 2008 principally due to the bunker fuel and lubricating oil expenses incurred at the time when it was purchased; and, (iii) the relatively high gross profit margin in respect of GH FORTUNE as compared with GH POWER was mainly due to its low depreciation expenses resulted from its relatively low acquisition costs even it was chartered out at a low charter rate for a period of 12 months when a charter agreement was signed in October 2008.

Other income

It mainly comprises finance income released from the finance lease receivable due to the derecognition of GREAT HARVEST, interest income from bank deposits and insurance claims from insurer for compensation of claimable cases, such as the breakdown of hull and machinery of the Group's owned vessels.

General and administrative expenses

It mainly comprises bank charges, legal and professional fees and auditors' remuneration.

Finance costs

It mainly consists of interests on the bank loans borrowed by certain members of the Group for financing the acquisition of vessels. All such bank borrowings are denominated in U.S. dollars and bear floating rate at a spread over LIBOR or the cost of funds plus margins ranged from 1.25% to 1.35% per annum.

Taxation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, accordingly, is exempted from payment of the Cayman Islands income tax. The Company's subsidiaries established in BVI are registered as BVI business companies under the BVI Business Companies Act and are exempted from payment of income tax of BVI.

The Company is an investment holding company and the entire revenue of the Group during the Track Record Period had been generated by the Operating Subsidiaries which were incorporated in BVI and were registered in Hong Kong as non-Hong Kong companies under Part XI of the Companies Ordinance. However, no provision for Hong Kong profits tax has been made as the income was generated from provision of the worldwide marine transportation services by the Operating Subsidiaries and the chartering process of which was not conducted by the Operating Subsidiaries or any other then member of the Group. Accordingly, the source of income of the Operating Subsidiaries was not originated in Hong Kong during the Track Record Period based on section 23B of The Inland Revenue Ordinance and that the Inland Revenue Department has no objection that the trade or business carried on by the Group does not give rise to any assessable profits during the Track Record Period. Accordingly, the Group's income are regarded as offshore income and not arising in, or derived from Hong Kong and hence not subject to Hong Kong profits tax. The expenses incurred by these Operating Subsidiaries, which primarily consist of the costs and expenses generated by the vessels during time chartering, are not deductible for tax either. Since 10 June 2010 and up to the Latest Practicable Date, though Union Apex has assumed the role as the ship owner's agent for the Group, the incomes of the Operating Subsidiaries are still not regarded as "relevant sums" pursuant to section 23B of the Inland Revenue Ordinance and hence, only Union Apex (but not the Operating Subsidiaries) are subject to Hong Kong profits tax.

Under the time charter agreement entered into by the Group with its charterers during the Track Record Period, any taxation arising from charterer's business including cargo, vessels or freights shall be borne by the charterers. During the Track Record Period, (1) except for those claims due to speed claims or any other reasonable claims arising from the under-performance of the vessels during the year, each of the Operating Subsidiaries had received the full amount of its billed revenue, without any reduction or withholding therefrom by the charterers on the ground of withholding tax or other tax deduction requirements; and (2) the Group had not been charged in relation to any withholding tax by any countries where (a) the charterers were situated; or (b) its vessels had made voyage to, nor had it been notified or demanded for payment of withholding tax by these countries. On the above basis, the Directors are not aware of any withholding tax is payable by the Group in respect of the Group's income earned during the Track Record Period, and no provision for withholding tax for the Track Record Period had been made in the Company's financial statements set out in Appendix I to this prospectus. Further, as some major countries where the Group's voyages went during the Track Record Period were either subject to double tax agreements or reciprocal tax exemption rules with Hong Kong for international shipping business, the Directors and the Sponsor are of the view that the risk for the Group being subject to any withholding tax on the relevant time charter income from the relevant countries is remote. Nevertheless, the Controlling Shareholders have entered into the Deed of Indemnity pursuant to which they will indemnify the Group against any unprovided taxes and liabilities falling on any member of the Group resulting from or by reference to any income, profits or gains earned, accrued or received on or before the date on which the Share Offer becomes unconditional. Please refer to the paragraph headed "Other information — 1. Deed of Indemnity" in Appendix V to this prospectus for details of such tax indemnity.

Review of historical operating results

Year ended 31 March 2008

Revenue

Revenue of the Group for the year ended 31 March 2008 was about US$34.6 million, solely comprising income generated from time chartering its self-owned dry bulk vessels. During the year, based on the about 1,081.6 days of Group's fleet operated by the Group (excluding the number of days without charter hire due to repair and maintenance and between two charter periods and the number of days agreed with the charterers due to the speed claims or any other reasonable claims arising from the under-performance of the vessels during the year), the average Daily TCE was amounted to about US$31,968.

Cost of services

Cost of services of the Group for the year ended 31 March 2008 was about US$17.8 million and consisted mainly depreciation expense of vessels, repair and maintenance expenses, crews and seafarers salaries and related expenses, brokerage and address commission expenses and insurance premium and provision of about US$9.8 million, US$2.1 million, US$1.9 million, US$1.8 million and US$0.8 million respectively.

Gross profit

Gross profit of the Group for the year ended 31 March 2008 was about US$16.7 million (representing a gross profit margin of about 48.4%), which was all derived from the time charter income and was mainly earned by GH RESOURCES, GH FORTUNE and GREAT HARVEST.

Other income

Other income of the Group for the year ended 31 March 2008 was about US$0.8 million which mainly consisted of interest income from bank deposits of about US$0.3 million and an one-off insurance compensation received of about US$0.5 million for repairing expenses incurred by GH RESOURCES.

General and administrative expenses

General and administrative expenses of the Group for the year ended 31 March 2008 was about US$0.5 million which mainly consisted of bank charges and legal and professional fee of about US$0.3 million and about US$0.2 million incurred respectively for setting up a new bank facility line for financing the acquisition of GH POWER near the year ended 31 March 2008.

Finance costs

Finance costs of the Group for the year ended 31 March 2008 were about US$3.5 million which mainly consisted of the interests on the bank loans and related arrangement fee for financing the acquisition of vessels.

Profit and total comprehensive income for the year

As a results of the above, the Group recorded a profit and total comprehensive income of the Group for the year of about US$13.5 million for the year ended 31 March 2008 (representing a net profit margin of about 39.0%).

Year ended 31 March 2009

Revenue

Revenue of the Group increased from about US$34.6 million for the year ended 31 March 2008, to about US$52.2 million for the year ended 31 March 2009, representing an increase of about US$17.6 million, or about 51.0%. It consisted of about US$50.0 million of time charter income (constituted 95.7% of the revenue of the Group) and about US$2.2 million of service income in the year (constituted 4.3% of the revenue of the Group). Such increase was mainly attributable to (i) the increase in the total days of the Group's vessels being hired out (excluding the number of days without charter hire due to repair and maintenance and between two charter periods and the number of days agreed with the charterers due to the speed claims or any other reasonable claims arising from the under-performance of the vessels during the year) during the year due to the full year of services rendered by GH POWER in 2009, thereby increased the revenue of the Group; and (ii) the increase in average Daily TCE of the Group's fleet (mainly due to GH RESOURCES and GH FORTUNE) from about US$31,968 for the year ended 31 March 2008 to about US$36,960 for the year ended 31 March 2009.

Cost of services

Cost of services of the Group increased from about US$17.8 million for the year ended 31 March 2008 to about US$23.7 million for the year ended 31 March 2009, representing an increase of about US$5.9 million or about 33.0%. The increase in cost of services of the Group for the year ended 31 March 2009 was mainly due to (i) the increase in depreciation expenses by about US$2.9 million mainly due to the full year services by GH POWER in 2009; (ii) the increase in crews and seafarers salaries and related expenses of about US$1.3 million because a team of seafarers was hired for serving on the GH POWER since

February 2008 and the upward adjustment of salaries of crews and seafarers; (iii) the increase in brokerage and address commission expenses of about US$0.9 million due to the increase in revenue; (iv) the increase in bunker fuel and lubricating oil expenses of about US$0.9 million; and (v) the decrease in repairs and maintenance expenses of about US$1.0 million mainly due to an one-off costs to repair the breakdown of turbocharger of GH RESOURCES in the financial year 2008.

Gross profit

Gross profit of the Group increased from about US$16.7 million for the year ended 31 March 2008 to about US$28.5 million for the year ended 31 March 2009, representing an increase of about US$11.7 million or about 70.2% or a gross profit margin increased from about 48.4% for the year ended 31 March 2008 to a gross profit margin of about 54.5% for the year ended 31 March 2009. The gross profit for the financial year 2009 comprised of 94.6% gross profit attributable to time charter income and 5.4% attributable to service income. The increase in gross profit is mainly due to the net off effect of (i) increase in the number of days that the Group's vessels were operated by the Group (excluding the number of days without charter hire due to repair and maintenance and between two charter periods and the number of days agreed with the charterers due to the speed claims or any other reasonable claims arising from the under-performance of the vessels during the year) and revenue of the Group due to the full year of services rendered by GH POWER in 2009; (ii) the increase in average Daily TCE of GH RESOURCES and GH FORTUNE; and (iii) the increase in the cost of services of the Group of about US$5.9 million.

Other income

Other income for the year ended 31 March 2009 of about US$0.4 million represented mainly the bank interest income and finance income released from finance lease receivable due to the derecognition of GREAT HARVEST of about US$0.2 million and US$0.2 million respectively.

General and administrative expenses

General and administrative expenses of the Group increased from about US$0.5 million for the year ended 31 March 2008 to about US$0.6 million for the year ended 31 March 2009, representing an increase of about US$0.1 million, or about 21.2% mainly due to the increase in legal and professional fees and bank charges of about US$0.1 million, attributable to (i) no professional fees and bank charges relating re-finance of loans and vessels acquisition and/or disposal; and (ii) the one-off legal and professional fees and bank charges for lifting the attachment of GH FORTUNE by a court order in January 2009 details of which are set out under the section headed "Risk factors — The Group's vessels could be arrested by maritime claimants, which could adversely affect the business and results of the Group" of this prospectus.

Other losses

As a result of the disposal of GREAT HARVEST, the Group incurred a one-off loss of about US$0.9 million for the year ended 31 March 2009.

Finance costs

Finance costs of the Group slightly increased from about US$3.5 million for the year ended 31 March 2008 to about US$3.6 million for the year ended 31 March 2009, representing an increase of US$0.1 million or about 3.6%. Such increase was mainly attributable to the additional bank loan near the end of the year ended 31 March 2008 obtained for financing the purchase of GH POWER, which in turn increased the interest paid and related arrangement fee for the year ended 31 March 2009.

Profit and total comprehensive income for the year

Profit and total comprehensive income of the Group for the year increased from about US$13.5 million for the year ended 31 March 2008 to about US$23.6 million for the year ended 31 March 2009, representing an increase of about US$10.1 million, or about 75.2%. The increase in profit for the year was mainly due to the increase in the Group's gross profit of about US$11.7 million and the one-off loss from the disposal of GREAT HARVEST of about US$0.9 million for the year ended 31 March 2009.

Year ended 31 March 2010

Revenue

Revenue of the Group decreased from about US$52.2 million for the year ended 31 March 2009 to about US$41.8 million for the year ended 31 March 2010, representing a decrease of about US$10.4 million, or about 20.0%. It comprised of about US$34.8 million of time charter income (constituted about 83.3% of the revenue of the Group) and about US$7.0 million of service income (constituted about 16.7% of the revenue of the Group). Such decrease was mainly attributable to the decrease in average Daily TCE of the Group's fleet (mainly due to GH RESOURCES and GH FORTUNE) from about US$36,960 for the year ended 31 March 2009 to about US$29,825 for the year ended 31 March 2010.

Cost of services

Cost of services of the Group decreased from about US$23.7 million for the year ended 31 March 2009 to about US$21.2 million for the year ended 31 March 2010, representing a decrease of about US$2.6 million or about 10.8%. The decrease of cost of services was mainly due to the net off of (i) the decrease in depreciation expense of about US$1.6 million due to the derecognition of GREAT HARVEST from being the vessel of the Group in the year ended 31 March 2009; (ii) the decrease in brokerage and address commission expenses of about US$0.7 million mainly because of the decrease in revenue of the Group for the year ended 31 March 2010; (iii) decrease of bunker fuel and lubricating oil expenses of about US$0.3 million and (iv) the increase in repairs and maintenance expenses of about US$0.3 million.

Gross profit

Gross profit of the Group decreased from about US$28.5 million for the year ended 31 March 2009 to about US$20.6 million for the year ended 31 March 2010, representing a decrease of about US$7.8 million or about 27.6% or a gross profit margin decreased from about 54.5% for the year ended 31 March 2009 to about 49.4% for the year ended 31 March 2010. The gross profit for the financial year 2010 comprised of 76.6% gross profit from time charter and 23.4% from service income. The decrease in gross profit margin of the Group was attributable to net off effect of (i) the decrease in gross profit derived from the time charter due to the decrease in average Daily TCE mainly earned by GH RESOURCES and GH FORTUNE; and (ii) the decrease of cost of services of about US$2.6 million.

Other income

Other income of the Group increased from about US$0.4 million for the year ended 31 March 2009 to about US$0.5 million for the year ended 31 March 2010, representing a increase of about US$0.1 million, or about 53.0% mainly due to the decrease in the bank interest income by US$0.2 million which was attributable to the decrease in pledged bank deposits and the increase in finance income released from finance lease receivable due to the derecognition of GREAT HARVEST by US$0.3 million.

General and administrative expenses

General and administrative expenses of the Group decreased from about US$0.6 million for the year ended 31 March 2009 to about US$0.3 million for the year ended 31 March 2010, representing a decreased by about US$0.4 million or about 56.8%, mainly due to (i) the increase of auditors' remuneration of about US$0.1 million for the purpose of the Listing, and (ii) the decrease of legal and professional fees paid of about US$0.4 million as the Group did not incur any professional fees relating re-finance of loans and vessels acquisition and/or disposal nor professional fees for lifting the attachment of any vessels during the year.

Other losses

The other losses of about US$0.2 million for the year ended 31 March 2010 was solely due to the impairment loss on trade and other receivables of about US$0.2 million incurred.

Finance costs

Finance costs of the Group decreased from about US$3.6 million for the year ended 31 March 2009 to about US$1.4 million for the year ended 31 March 2010, representing a decrease of about US$2.3 million or about 62.6%. Such decrease was mainly attributable to the repayment of the principal amount of the bank loans.

Profit and total comprehensive income for the year

Profit for the year of the Group decreased from about US$23.6 million for the year ended 31 March 2009 to about US$19.4 million for the year ended 31 March 2010, representing a decrease of about US$4.3 million, or about 18.1%. Such decrease was mainly due to net off effect of (i) the decrease in gross profit of about US$7.8 million; (ii) the decrease in general and administrative expenses of about US$0.4 million and (iii) decrease in finance costs of about US$2.3 million.

Overview of major items of statement of financial position of the Group

Property, plant and equipment

As at 31 March 2008, 2009 and 2010, the Group recorded property, plant and equipment of about US$154.9 million, US$134.0 million and US$125.4 million respectively which accounted for about 90.3%, 88.4% and 91.7% of the total assets of the Group respectively in the relevant financial year. For each of the year ended 31 March 2008 and 2010, the Group incurred and capitalised dry-docking costs of about US$3.8 million and US$2.4 million respectively. During the year ended 31 March 2009, the Group incurred dry-docking costs of US$1.6 million but were derecognised under the finance lease arrangement. Included in the property, plant and equipment as at 31 March 2008, 2009 and 2010 were carrying value of capitalised dry-docking costs of US$3.5 million, US$2.7 million and US$4.1 million respectively. The fluctuation of the balance was mainly due to the purchase of a vessel, namely, GH POWER, in February 2008, the disposal of GREAT HARVEST in December 2008, the capitalisation of dry-docking costs and the yearly depreciation expenses.

Trade and other receivables

	As at 31 March		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Trade receivables	845	275	203
Other receivables and prepayments	625	637	652
	1,470	912	855

Time charter incomes are prepaid in advance by charterers. The trade receivables of the Group disclosed above mainly represents the unsecured time charter receivables past due at the end of each of the financial year as a result of unsettlement due to the speed and other under-performance disputes arisen due to different reasons, including but not limited to speed claims or vessels being unable to render its service due to bad weather conditions or bunker consumption disputes between the Group and certain charterers.

Subsequent to 31 March 2010 and up to the Latest Practicable Date, an amount of about US$108,000 were settled, and as for another balance of about US$47,000, having considered that such amount was immaterial as compared with the charter amount earned under the relevant charter agreement and the total revenue of the Group for the respective year (representing only about 0.4% of the total charter amount under the relevant charter agreement or about 0.1% of the total revenue of the Group for the year ended 31 March 2010), the nature of such disputes, the possible legal costs and timing involved and further possible cost and timing incurred by the Group in settling the amount by way of arbitration, the Directors agreed to waive such balances after negotiation with the charterer concerned.

Generally, when there is any amount that are disagreed with the charterer concerned, the staff responsible for the case will submit a detailed report to the Directors setting out the factual backgrounds together with supporting documents, such as debit notes and legal advice, if any, to explain the situation. The Directors will only consider to waive the disagreed balance after taking into account a number of factors, such as the nature of such disputes, the materiality of the amount, the possible legal cost and timing involved for negotiation and further possible cost and timing incurred by the Group in settling the balance.

For the three years ended 31 March 2008, 2009 and 2010, the amount waived by the Group were about US$86,000, US$745,000 and US$341,000 respectively, representing about 0.2%, 1.4% and 0.8% of the total revenue of the Group respectively. The balance waived for the year ended 31 March 2009 and 2010 were mainly due to the non-performing of GH RESOURCES and the relevant speeds claims due to its turbocharger breakdown for the financial year 2009 and the non-performing of GH FORTUNE due to its collision for the financial year 2010. The Directors are not aware that the remaining balances of unsettled trade receivables are due to the financial difficulties of the charters concerned and are of the view that the remaining balances will be recovered after negotiation with the relevant charterers.

Aging analyses of trade receivables

	As at 31 March		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
0–30 days	839	21	1
31–365 days	6	249	173
More than 365 days	—	5	29
	845	275	203

As mentioned above, the ending balances of the trade receivables accounted for about 0.5%, 0.2% and 0.1% of the total assets as at 31 March 2008, 2009 and 2010 respectively, which were mainly due to balance yet to be settled due to the speed claims and other disputes between the Group and certain customers. The Directors considered that the trade receivables ending balances as at 31 March 2008, 2009 and 2010 were immaterial.

Trade receivables turnover days of the Group (being calculated as the average of beginning and closing trade receivable of the year divided by the total revenue and multiplied by 365 days) for the three years ended 31 March 2010 were about 4.5 days, 3.9 days and 2.1 days respectively. The fluctuations in the trade receivables turnover days were mainly affected by the average of the ending balances of the trade receivables during the Track Record Period which were mainly due to balance yet to be settled due to the speed claims and other disputes between the Group and certain customers. As such amounts were comparatively immaterial to the overall revenue, the trade receivables turnover days for the Track Record Period remained small.

Breakdown of prepayments and other receivables

	As at 31 March		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Other receivables	44	5	44
Prepaid insurance	64	107	113
Prepaid service fee to Wallem	517	525	495
	625	637	652

The prepayments and other receivables of the Group mainly represents prepaid service fee to Wallem for their ship management services and prepaid insurance. Pursuant to the management agreement entered into between Wallem and each of the Operating Subsidiaries, the Operating Subsidiaries have to make monthly payment to Wallem for the capital requirement in operating each vessel for the ensuing month 10 days in advance. The prepayments and other receivables during the Track Record Period remained stable at about US$0.6 million, US$0.6 million and US$0.7 million.

Restricted bank deposits and pledged bank deposits

As at 31 March 2008, 2009 and 2010, the pledged bank deposits of the Group amounted to about US$11.6 million, US$8.5 million and US$5.7 million respectively were placed in designated banks as part of the securities provided for long term bank loans granted to the Group for (i) refinancing the former bank borrowings for the acquisitions of GH FORTUNE and GH RESOURCES and for working capital purpose; and (ii) financing the acquisition of the GH POWER. The restricted bank deposits of the Group amounted to about US$3.0 million, US$3.0 million and US$3.0 million as at 31 March 2008, 2009 and 2010 respectively, were maintained in designated banks until the principal amount of these bank loans are fully repaid. The balance of the Group's pledged bank deposits can be withdrawn by the Group from time to time and therefore is classified as current assets. The restricted and pledged bank deposits carry interest at prevailing market deposit rates which range from 0.01% to 0.25% per annum for the Track Record Period.

Other payables

Breakdown of other payables

	As at 31 March		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Other payable and accruals	1,978	673	917
Receipt in advance from time charterers	2,448	2,193	3,037
	4,426	2,866	3,954

Breakdown of other payable and accruals

	As at 31 March		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Accrual for dry-docking	458	—	436
Accrued charges	409	272	137
Interest payable	1,111	401	149
Accrued insurance	—	—	195
Total	1,978	673	917

The other payables of the Group mainly represent the receipt in advance from time charterers and other payable and accruals. The receipt in advance of the Group mainly represents the amount received from the charters for the revenue to be earned fifteen days in advance for the chartered period and the bunker to be reimbursed from the charterer. As at 31 March 2008, 2009 and 2010, the other payable and accruals mainly comprised of interest payable and accrual for dry-docking. The year-on-year decrease in interest payables as at 31 March 2009 of about US$0.7 million and further decrease of about US$0.3 million as at 31 March 2010 was mainly due to the repayment of bank loans during the Track Record Period.

Bank loans

As at 31 March 2008, 2009 and 2010, the Group recorded outstanding bank loans of about US$103.4 million, US$70.7 million and US$46.5 million respectively which accounted for about 72.9%, 72.0% and 72.5% of the total liabilities of the Group respectively in the relevant financial year. The decrease in the amount of outstanding bank loans is mainly due to the repayment of the principal amount of these bank loans.

	As at 31 March		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Bank loans			
On demand or within one year	32,715	24,215	12,215
More than one year but not exceeding two years	24,215	12,215	7,923
More than two years but not exceeding five years	23,089	12,827	6,857
Over five years	23,385	21,433	19,480
Total	103,404	70,690	46,475

As at 31 March 2010, the bank loans were for financing the acquisition of vessels of the Group and were secured by, inter alia, the following:

1. Personal guarantees from Mr. Yan and Ms. Lam;
2. First preferred mortgages over the vessels held by Bryance Group, Joy Ocean and Great Ocean respectively;
3. Assignment of the charter-hire income and insurance in respect of the vessels held by Bryance Group, Joy Ocean and Great Ocean respectively;
4. Corporate guarantee from Greater Shipping; and
5. Charges over shares of each of Bryance Group, Joy Ocean and Great Ocean.

The Group has executed the relevant agreements with the banks to the effect that the personal guarantees from Mr. Yan and Ms. Lam will be released upon the Listing and be substituted by corporate guarantee to be given by the Company in favour of these banks.

Amounts due to Directors

As at 31 March 2008, 2009 and 2010, the Group recorded amounts due to the Directors of about US$34.0 million, US$24.6 million and US$13.6 million respectively. All of the balances were unsecured, interest free and repayable on demand. Subsequent to 31 March 2010, all such amounts due to Directors as at 31 March 2010 were capitalised as shares of a subsidiary of the Company pursuant to the Reorganisation.

Gearing ratio

As at 31 March 2008, 2009 and 2010, the Group had a gearing ratio (being the bank loans divided by the total assets of the Group) of about 60.3%, 46.7% and 34.0%. The decrease in gearing ratio as at 31 March 2009 and 2010 was mainly due to the repayment of bank loans and the depreciation of the Group's vessels.

Liquidity, financial resources and indebtedness

Overview

During the Track Record Period, the Group financed its working capital and capital expenditure requirements principally through net cash flow from operating activities and bank borrowings.

Cash flows

The table below sets out a summary of the cash flows information of the Group during the Track Record Period:

	For the year ended 31 March		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Net cash from operating activities	26,533	40,543	33,132
Net cash (used in) from investing activities	(80,885)	5,581	3,893
Net cash from (used in) financing activities	52,723	(46,410)	(36,804)
Net (decrease) increase in cash and cash equivalents	(1,629)	(286)	221
Cash and cash equivalents at beginning of the year	2,155	526	240
Cash and cash equivalents at end of the year	526	240	461

Operating Activities

The Group recorded a net cash inflow from operating activities of about US$26.5 million for the year ended 31 March 2008. This net inflow was mainly attributable to the about US$26.4 million of operating cash inflows before movements in working capital.

The Group recorded a net cash inflow from operating activities of about US$40.5 million for the year ended 31 March 2009. This net cash inflow was mainly attributable to about US$40.5 million of operating cash inflows before movements in working capital mainly due to the increase in profit of about US$10.1 million during the year and the decrease in working capital of about US$0.3 million.

The Group recorded a net cash inflow from operating activities of about US$33.1 million for the year ended 31 March 2010. This net inflow was mainly attributable to about US$31.4 million of operating cash inflows before movements in working capital and the increase in working capital of about US$1.2 million.

Investing activities

The Group recorded net cash used in investing activities of about US$80.9 million for the year ended 31 March 2008. The net cash outflow was mainly attributable to (i) the acquisition of a dry bulk vessel of the Group, namely, GH POWER, of about US$66.3 million and the capitalisation of dry-docking costs of about US$3.8 million and (ii) the placement of restricted bank deposits and pledged bank deposits of about US$10.8 million in aggregate for long-term bank loans granted to the Group due to (i) the refinance of the former bank borrowings for the acquisitions of GH FORTUNE and GH RESOURCES and for working capital purpose; and (ii) the acquisition of GH POWER.

The Group recorded a net cash inflow from investing activities amounted to about US$5.6 million for the year ended 31 March 2009, which was mainly attributable to the repayment of finance lease receivable of about US$4.0 million, the withdrawal of bank deposits required for pledged of about US$3.2 million and offset by the capitalisation of dry-docking costs of about US$1.6 million.

The Group record a net cash inflow from investing activities of about US$3.9 million for the year ended 31 March 2010, which was mainly attributable to the repayment of finance lease receivable of about US$3.5 million, the withdrawal of bank deposits required for pledged of about US$2.8 million and offset by the capitalisation of dry-docking costs of about US$2.4 million.

Financing activities

The Group recorded a net cash inflow from financing activities of about US$52.7 million for the year ended 31 March 2008. The net cash inflow was mainly attributable to the net off effect of the proceeds from new bank loans of about US$103.4 million, repayment of bank loans of about US$50.0 million and interest paid of about US$2.4 million.

The Group recorded a net cash used in financing activities of about US$46.4 million for the year ended 31 March 2009, which was mainly attributable to the interest paid of about US$4.3 million, repayment to the Directors of about US$9.3 million and repayment of bank loans of about US$32.8 million.

The Group recorded a net cash used in financing activities of about US$36.8 million for the year ended 31 March 2010 mainly contributed by the repayment of bank loans of about US$24.3 million and repayment to the Directors of about US$ 11.0 million.

Indebtedness

As at 31 July 2010, being the latest practicable date for the purpose of ascertaining information contained in the indebtedness statement prior to the printing of this prospectus, the Group had total borrowing of about US$56.3 million comprising bank loans and amounts due to Directors of about US$41.4 million and US$14.9 million respectively. These bank loans were secured by 3 vessels owned by the Group and guaranteed by Controlling Shareholders. The existing bank facilities were fully utilised as at 31 July 2010. As at the Latest Practicable Date, the Group has executed the relevant agreements with the relevant banks to the effect that the guarantees provided by the Controlling Shareholders as security for bank borrowings of the Group as mentioned above will be released and replaced by corporate guarantees to be given by the Company upon the Listing. All the amounts due to Directors were fully settled as to about US$1.3 million by repayment by the Group and as to about US$13.6 million by way of capitalisation.

For special financial and operational convenants of the existing financing agreements, please refer to the section headed "Risk factors — Risks relating to the Group — Restrictions against payments of dividends from, and applications of earnings of, the Company's subsidiaries affect the Company's ability to pay dividends and to service its debts" of this prospectus.

Save for the aforesaid or otherwise disclosed herein and apart from intra-group liabilities, the Group did not have, at the close of business on 31 July 2010, any debt securities authorised or otherwise created but unissued, or term loans or bank overdrafts, debentures, mortgages, charges, obligations under hire purchase contracts or finance leases, guarantees, or other material contingent liabilities.

The Directors confirm that there is no material adverse change in the Group's indebtedness position and contingent liabilities since 31 July 2010.

Capital structure

Net tangible assets

Based on the unaudited combined management accounts of the Group as at 31 July 2010, being the latest practicable date for the purpose of ascertaining information contained in the indebtedness statement prior to the printing of this prospectus, the Group had net tangible assets of about US$77.2 million, comprising non-current assets of about US$126.0 million (mainly comprising vessels of about US$121.6 million), net current liabilities of about US$14.6 million and non-current liabilities of about US$34.2 million.

Net current liabilities

Based on the unaudited combined management accounts of the Group as at 31 July 2010, being the latest practicable date for the purpose of ascertaining information contained in the indebtedness statement prior to the printing of this prospectus, the Group had net current liabilities of about US$14.6 million comprising current assets of about US$10.3 million and current liabilities of about US$24.9 million.

The current assets of the Group as at 31 July 2010 of about US$10.3 million comprise pledged bank deposits, trade and other receivables and prepayment and bank balances and cash of about US$7.4 million, US$2.1 million and US$0.8 million respectively.

The current liabilities of the Group as at 31 July 2010 of about US$24.9 million comprise bank loans, amounts due to directors and other payables and accruals of about US$7.1 million, US$14.9 million and US$2.9 million respectively.

The decrease in the net current liabilities of about US$8.2 million from about US$22.8 million as at 31 March 2010 to about US$14.6 million as at 31 July 2010 was mainly due to the effect of assets generated from the Group's profitable operations and the repayment of loans during the period from 1 April 2010 to 31 July 2010.

Financial resources

As at 31 July 2010, being the latest practicable date for the purpose of ascertaining information contained in the indebtedness statement prior to the printing of this prospectus, the Group does not have material capital commitment nor major expenditures that would have a material impact on the liquidity of the Group. Prior to completion of the Share Offer, the operation of the Group were financed principally by cash inflows from operating activities and the cash inflow from the bank loan. Upon completion of the Share Offer, the Group expects there will not be any material change in the sources and uses of cash of the Group in the future, except that the Group would have additional funds from proceeds of the New Issue for implementing its future plans as detailed under the section headed "Future plans and use of proceeds from the New Issue" of this prospectus.

Working capital

The Directors are of the opinion that after taking into account the cash flow generated from the operating activities, the existing financial resources available to the Group including internally generated funds, and the estimated net proceeds of the New Issue, the working capital available to the Group is sufficient for the Group's requirements for at least 12 months from the date of this prospectus.

Quantitative and qualitative information about market risks

Interest rate risk

The Group's cash flow interest rate risk primarily relates to bank deposits and balances carried variable rate and variable-rate bank loans. The Group is also exposed to fair value interest rate risk in relation to its finance lease receivable. The Group has not used any interest rate swaps to mitigate its exposure associated with fluctuations relating to interest rate risk. However, the management monitors interest rate exposure and will consider necessary actions when significant interest rate exposure is anticipated. The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk. The

Group's cash flow interest rate risk is mainly concentrated on the fluctuations of London Interbank Offered Rate ("LIBOR") or the cost of funds arising from the Group's variable-rate bank loans.

Credit risk

As at 31 March 2008, 2009 and 2010, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the combined statements of financial position.

The Group's credit risk is primarily attributable to its trade receivables and finance lease receivable. The management reviews the recoverable amount of each individual trade receivable regularly to ensure that follow up actions is taken to recover overdue debts and adequate impairment losses, if any, are recognised for irrecoverable amounts. In this regard, the management considers that the Group's credit risk is significantly reduced.

Other than concentration of credit risk on finance lease receivable solely due from a customer in Korea who has good repayment history, restricted bank deposits and pledged bank deposits which are placed in a financial institution with high credit ratings, the Group has no other significant concentration of credit risk.

The management considers that the credit risk on liquid funds is low as counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

The Group's current liabilities exceeded its current assets by US$22,794,000 as at 31 March 2010. The Group's liquidity position is monitored closely by the management. In the management of the liquidity risk, the Group maintains sufficient cash inflows from its operations so as to finance its working capital. The Group also monitors the current and expected liquidity requirements regularly to mitigate the effects of fluctuations in cash flows. In this regard, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing the Underlying Financial Statements.

Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as inputs. The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate their fair values at the end of the respective reporting period.

PROPERTY INTEREST AND PROPERTY VALUATION

As at the Latest Practicable Date, the Group rented a portion of the 12th Floor, No. 200 Gloucester Road, Wanchai, Hong Kong as its principal office in Hong Kong.

Further details of this property interest of the Group are set out in the valuation report issued by LCH (Asia-Pacific) Surveyors Limited, independent professional surveyor, the full text of which is contained in Appendix III to this prospectus.

DISTRIBUTABLE RESERVES

The Company was incorporated in the Cayman Islands on 21 April 2010. There were no reserves available for distribution to the Shareholders as at 31 March 2010 (being the date to which the latest combined results of the Group were made up) as the Company did not earn any income since its incorporation.

DIVIDEND POLICY

Subject to the Companies Law, the Company may declare dividends at general meetings in any currency but no dividend shall be declared in excess of the amount recommended by the Board. The Articles of Association provide that dividends may be declared and paid out of its profit, 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 a share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

The payment and the amount of dividends by the Company in the future will depend on, among other factors, the results of the Group, cash flows and financial condition and position, operating and capital requirements, the amount of distributable profits based on HKFRSs, the compliance of the memorandum of association and the Articles of Association of the Company, the Companies Law, applicable laws and regulations, other legal and contractual limitations relating to distribution and payment of dividends that the Group may from time to time be subject to and other factors that the Directors consider to be relevant to the Group. The declaration, payment and the amount of dividends will be subject to the Board's discretion. In particular, under the loan agreements and other security documents entered into between the Group with its banks which were subsisting as at the Latest Practicable Date, Joy Ocean, Great Ocean and Bryance Group shall not declare or pay any dividends without the consent of the relevant banks, and the only Operating Subsidiary that is not subject to similar restriction is Greater Shipping. The charter hire income in respect of each of GH FORTUNE, GH RESOURCES and GH POWER are also subject to general assignments in favour of the banks pursuant to which a portion of such charter hire incomes shall be first retained by the banks for repayment of the principals and interests payable under these bank loans and for maintaining certain minimum amount of deposits with the banks as security, and may only release the balance of such charter hire income to the Group if there has not been any event of default at that time. These restrictive covenants in bank loans restrict the Company's subsidiaries to make distributions to the Company, and thereby the Company's ability to declare or pay dividends to the Shareholders. Please refer to the section headed "Risks Factor" in this prospectus for further details.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Pursuant to Rule 13.18 of the Listing Rules, a general disclosure obligation will arise where an issuer or any of its subsidiaries enters into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholders, such as a requirement to maintain a specified minimum holding in the share capital of the issuer.

As mentioned in the section headed "Financial information — Management discussion and analysis — Bank loans" in this prospectus, the First Loan and the Second Loan have been secured by, among others, charges over shares of each of Bryance Group, Joy Ocean and Great Ocean, the shares of which were held by, and charged by GH International in favour of the relevant banks, immediately before the Reorganisation. For the purpose of the Reorganisation, the Group has obtained the requisite consents from and executed the relevant documents with the banks in respect of the Reorganisation, the Share Offer, the Listing and the release of the said share charges given by GH International incidental to the Reorganisation, on conditions that, among others, that Mr. Yan, Ms. Lam and/or any company controlled by them shall jointly hold at least 51% (for the First Loan only) and at least 65% (for the Second Loan only) shareholding interests in the Company respectively. Such conditions as to the level of ownership in the Company imposed on the Controlling Shareholders under the financing arrangement result in the disclosure requirements under Rule 13.18 of the Listing Rules. Moreover, under the supplemental loan agreement executed pursuant to the Reorganisation in relation to the Second Loan, it will be an event of default if any two of Mr. Yan, Ms. Lam and Mr. Cao Jiancheng cease to be the executive Directors without the lender's consent.

Save as disclosed above, the Directors confirmed that there are no circumstances which would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules as at the Latest Practicable Date.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma financial information prepared in accordance with paragraph 4.29 of the Listing Rules is for illustrative purpose only, and is set out herein to provide the prospective investors with further financial information about how the Share Offer might have affected the net tangible assets of the Group after the completion of the Share Offer as if the Share Offer had taken place on 31 March 2010. The unaudited pro forma adjusted net tangible assets statement does not form part of the accountants' report.

	Audited combined net tangible assets of the Group as at 31 March 2010 *(note 1)* *US$'000*	**Estimated net proceeds from the New Issue** *(note 2)* *US$'000*	**Unaudited pro forma adjusted net tangible assets of the Group** *US$'000*	**Unaudited pro forma adjusted net tangible assets per Share** *(note 3)* *US$*
Based on the minimum Offer Price of HK$0.94 per Offer Share	72,691	16,177	88,868	0.11
Based on the maximum Offer Price of HK$1.13 per Offer Share	72,691	19,967	92,658	0.12

Notes:

1. The audited combined net tangible assets of the Group as at 31 March 2010 which is based on the combined net tangible assets attributable to owners of the Company as at 31 March 2010, is extracted from the accountants' report set out in Appendix I to this prospectus.

2. The estimated net proceeds from the New Issue are based on the Offer Price of HK$0.94 and HK$1.13 per Offer Share, after deduction of the underwriting fees and related expenses payable by the Company and taking no account of any Shares which may be allotted and issued or purchased by the Company pursuant to the general mandate for the allotment and issue or purchase of Shares referred to in the paragraph headed "Further Information about the Company — 4. Written resolutions of the sole Shareholder" in Appendix V to this prospectus nor Shares which may be issued upon any exercise of the Over-allotment Option. (assuming the translation of Hong Kong dollars to United States dollars with the exchange rate of HK$7.7642 to US$1.00 prevailing on the Latest Practicable Date).

3. The unaudited pro forma adjusted net tangible assets per Share has been arrived at after making the adjustments referred to in note (2) above and on the basis of a total of 800,000,000 Shares in issue immediately following completion of the Share Offer and Capitalisation Issue and without taking into account any Shares which may be allotted and issued or purchased by the Company pursuant to the general mandate for the allotment and issue or purchase of Shares referred to in the paragraph headed "Written resolutions of the sole Shareholder" in Appendix V to this prospectus nor Shares which may be issued upon any exercise of the Over-allotment Option.

MATERIAL ADVERSE CHANGE

The profit and total comprehensive income of the Group for the year ended 31 March 2010 amounted to about US$19.4 million, representing a decline of about 18.1% as compared with that for the year ended 31 March 2009 of about US$23.6 million. The decline was mainly due to the general decrease in the Group's as well as the international charter hire rate in the market due to the slowdown of the global economy as a result of the global financial tsunami.

During the four months ended 31 July 2010, based on the then prevailing charter agreements in respect of the Group's vessels, while the average Daily TCE for the Group's three panamax dry bulk vessels, which were then under short term time charters (except for GREAT HARVEST which is currently subject to long term time charter ancillary to a finance lease arrangement as more particularly described in the section headed "Business — Business of the Group — Fleet composition" in this prospectus), was about US$24,026, representing a slight increase/(decrease) of about 9.2%, (3.4%) and 12.8%, respectively, as compared with the respective average Daily TCE of these vessels for each of the years ended 31 March 2010, 31 March 2009 and 31 March 2008 of US$22,003, US$24,865 and US$21,305, the average Daily TCE for the Group's capesize dry bulk vessel, GH RESOURCES, during the four months ended 31 July 2010 dropped significantly to about US$27,672, representing a decrease of about 50.9% as compared with the average Daily TCE for the year ended 31 March 2010 of about US$56,302. The daily time charter rate for the existing time charter of GH RESOURCES, with an expected end date in November 2010, is US$20,000, which represents a decrease of about 32.2% or US$9,500 as compared with the daily time charter rate under the previous time charter for this vessel ended in July 2010 of about US$29,500. As GH RESOURCES has been the Group's principal contributor to its revenue, contributed about 43.1% of the Group's total revenue during the year ended 31 March 2010, and about 28.0% of the Group, total revenue during the four months ended 31 July 2010 based on the unaudited management accounts of the Group for the period, such decrease is expected to have significant adverse impact on the Group's results for the year ending 31 March 2011.

The world's hire rate for marine transportation services is also under pressure during the period. The world's one-year time charter daily rate for capesize and panamax dry bulk vessels averaging from about US$107,000 and US$52,000, respectively, in the year 2007, and about US$112,000 and US$56,000, respectively, in the year 2008, dropped to about US$33,000 and US$18,000, respectively, in the year 2009, and about US$34,250 and US$25,250, respectively, in June 2010.

Given the total capacity of dry bulk vessels ordered but yet to be delivered as at 1 March 2010 amounted to about 286.4 million dwt, representing about 62.3% of the world dry bulk vessel capacity as at 31 December 2009, while the global economy has continued to suffer a prolonged recession and downturn, resulting in a decrease in demand for marine transportation services, the Group's as well as the international hire rate for marine transportation services may continue to be subject to pressure, and there is no assurance that the hire rate for marine transportation services can rebound to its peak during the years 2007 and 2008. Besides, the Directors note that the total amount of Chinese seaborne imports of iron ore for each of the three months ended 30 June 2010 had recorded a month-on-month decline, which the Directors understand, was attributable to the slowing down in domestic demand of steel in the PRC and the continuing increase in the import price for iron ore. Chinese demand for imported iron ore from overseas suppliers has been one of the key factors affecting the world's demand for dry bulk vessel capacity. There is uncertainty as to whether Chinese demand for imported iron ore will continue to decline, and whether the world's demand for dry bulk vessel capacity going forward will accordingly be adversely affected. If the global economy and the international and regional trade continue to slowdown, or the demand for marine transportation services continue to decline for whatever reasons, or the demand fails to match the expected increase in the marine transportation capacity, the profitability of the Group may continue to decline in the near future.

As at 31 July 2010, being the latest practicable date for the purpose of ascertaining information contained in the indebtedness statement prior to the printing of this prospectus, the existing banking facilities of the Group of about US$41.4 million were fully utilised, and the Group had net current liabilities of about US$14.6 million comprising current assets of about US$10.3 million and current liabilities of about US$24.9 million. Subsequent to 31 July 2010, the amounts due to Directors of about US$14.9 million, which remained outstanding as of 31 July 2010, were fully settled as to about US$1.3 million by repayment by the Group and as to about US$13.6 million by way of capitalisation.

Although the Group's net current liabilities had decreased from about US$22.8 million as at 31 March 2010 to about US$14.6 million as at 31 July 2010 mainly due to the effect of assets generated from the Group's profitable operations and the repayment of loan during the period from 1 April 2010 to 31 July 2010, in light of (i) the decline of the Group's profit and total comprehensive income for the year ended 31 March 2010 set out above, (ii) possible decline in future demand for marine transportation services and decline in the Group's as well as the international charter rate in the market; and (iii) other material adverse changes set out above, the Group's indebtedness position or contingent liabilities may deteriorate in the future.

The Directors have confirmed, save as disclosed above, that there has been no material adverse change in the Group's financial or trading position since 31 March 2010 (being the date to which the Group's latest combined results were prepared which was set out in the accountants' report in Appendix I to this prospectus).