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27 September 2010

The Directors
Great Harvest Maeta Group Holdings Limited
Haitong International Capital Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Great Harvest Maeta Group Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended 31 March 2010 (the "Track Record Periods") for inclusion in the prospectus of the Company dated 27 September 2010 issued in connection with the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Prospectus").

The Company was incorporated as an exempted company in the Cayman Islands with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 21 April 2010. Pursuant to a corporate reorganisation, as more fully explained in the paragraph headed "Reorganisation" in Appendix V to the Prospectus (the "Corporate Reorganisation"), the Company became the holding company of the companies comprising the Group on 27 September 2010.

As at the date of this report, the Company has the following subsidiaries:

Name of subsidiary	Place and date of incorporation	Issued and fully paid share capital	Direct equity interest attributable to the Company as at 31 March 2008	2009	2010	Date of this report	Principal activity
Bryance Group Limited ("Bryance Group")	British Virgin Islands 28 September 2006	Ordinary shares US$10,000	100%	100%	100%	100%	Provision of marine transportation services
Great Ocean Shipping Limited ("Great Ocean") 浩洋船務有限公司	British Virgin Islands 29 September 2006	Ordinary shares US$10,000	100%	100%	100%	100%	Provision of marine transportation services
Greater Shipping Co., Ltd. ("Greater Shipping") 榮達船務有限公司*	British Virgin Islands 31 May 2002	Ordinary shares US$10,000	100%	100%	100%	100%	Provision of marine transportation services
Joy Ocean Shipping Limited ("Joy Ocean") 悅洋船務有限公司*	British Virgin Islands 21 October 2004	Ordinary shares US$10,000	100%	100%	100%	100%	Provision of marine transportation services
Union Apex Mega Shipping Limited ("Union Apex") 聯合佳成船務有限公司	Hong Kong 2 December 2009	Ordinary shares HK$1	N/A	N/A	100%	100%	Provision of agency services

* *The Chinese names are for identification purposes only*

The financial year date of the companies now comprising the Group is 31 March.

No audited financial statements have been prepared for the Company as it was incorporated after the Track Record Periods and it has not carried on any business since its date of incorporation other than the transactions related to the Corporate Reorganisation.

No audited financial statements have been prepared for Union Apex as it was incorporated in Hong Kong on 2 December 2009 and has not reached its first financial year end date. Union Apex has not yet commenced business.

We acted as the auditor of the companies now comprising the Group for the year ended 31 March 2010.

There are no statutory audit requirements to prepare financial statements for companies incorporated in the British Virgin Islands. However, for management purpose, the directors of Bryance Group, Great Ocean, Greater Shipping and Joy Ocean have prepared the financial statements for the years ended 31 March 2008 and 2009. These financial statements were audited by Messrs. L.Y. Tam & Co., Certified Public Accountants, Hong Kong, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

For the purpose of preparing this report, however, the directors of Bryance Group, Great Ocean, Greater Shipping and Joy Ocean have prepared the financial statements for the Track Record Periods in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA (the "HKFRSs Financial Statements"). We have undertaken an independent audit on the HKFRSs Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information has been prepared based on the HKFRSs Financial Statements or, where appropriate, management accounts of the companies now comprising the Group for the Track Record Periods (collectively referred to "Underlying Financial Statements").

We have examined the Underlying Financial Statements and performed such additional procedures as necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The financial information of the Group for the Track Record Periods set out in this report has been prepared from the Underlying Financial Statements, on the basis set out in note 1 to Section A below, after making such adjustments as we consider appropriate for the purpose of preparing our report for inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the directors of the companies who approve their issue. The directors of the Company are responsible for the contents of the Prospectus in which this report is included. It is our responsibilities to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of presentation set out in note 1 to Section A below, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Group as at 31 March 2008, 2009 and 2010 and of the combined results and combined cash flows of the Group for the Track Record Periods.

A. FINANCIAL INFORMATION

Combined Statements of Comprehensive Income

		Year ended 31 March		
		2008	**2009**	**2010**
	NOTES	*US$'000*	*US$'000*	*US$'000*
Revenue	7	34,577	52,203	41,782
Cost of services		(17,845)	(23,731)	(21,159)
Gross profit		16,732	28,472	20,623
Other income	9	778	355	543
General and administrative expenses		(513)	(622)	(269)
Other losses		—	(941)	(177)
Finance costs	10	(3,513)	(3,641)	(1,361)
Profit before tax		13,484	23,623	19,359
Income tax expense	11	—	—	—
Profit for the year and total comprehensive income for the year	12	13,484	23,623	19,359
Earnings per share				
Basic *(US cents)*	14	2.1	3.7	3.0

Combined Statements of Financial Position

		At 31 March		
		2008	**2009**	**2010**
	NOTES	*US$'000*	*US$'000*	*US$'000*
Non-current assets				
Property, plant and equipment	15	154,855	133,995	125,372
Finance lease receivable	16	—	1,239	1,373
Restricted bank deposits	18	3,000	3,000	3,000
		157,855	138,234	129,745
Current assets				
Trade and other receivables and prepayment	17	1,470	912	855
Finance lease receivable	16	—	3,659	—
Pledged bank deposits	18	11,644	8,455	5,695
Bank balances and cash	18	526	240	461
		13,640	13,266	7,011
Current liabilities				
Other payables and accruals	19	4,426	2,866	3,954
Amounts due to directors	20	33,956	24,612	13,636
Tax liabilities		—	—	—
Bank loans — due within one year	21	32,715	24,215	12,215
		71,097	51,693	29,805
Net current liabilities		(57,457)	(38,427)	(22,794)
Total assets less current liabilities		100,398	99,807	106,951
Non-current liabilities				
Bank loans — due after one year	21	70,689	46,475	34,260
		29,709	53,332	72,691
Capital and reserve				
Combined capital	22	40	40	40
Retained profits		29,669	53,292	72,651
Total equity		29,709	53,332	72,691

Combined Statements of Changes in Equity

	Attributable to owners of the Company		
	Share capital	**Retained profits**	**Total**
	US$'000	*US$'000*	*US$'000*
At 1 April 2007	40	16,185	16,225
Profit for the year	—	13,484	13,484
At 31 March 2008	40	29,669	29,709
Profit for the year	—	23,623	23,623
At 31 March 2009	40	53,292	53,332
Profit for the year	—	19,359	19,359
At 31 March 2010	40	72,651	72,691

Combined Statements of Cash Flows

	Year ended 31 March		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Operating activities			
Profit before tax	13,484	23,623	19,359
Adjustments for:			
Finance costs	3,513	3,641	1,361
Interest income	(333)	(193)	(1)
Finance income	—	(158)	(475)
Loss on disposal of property, plant and equipment	—	941	—
Depreciation of property, plant and equipment	9,750	12,629	11,015
Trade receivables written off	—	—	177
Operating cash flows before movements in working capital	26,414	40,483	31,436
(Increase) decrease in trade and other receivables and prepayment	(1,079)	558	(120)
Increase (decrease) in other payables and accruals	865	(849)	1,340
Cash generated from operations	26,200	40,192	32,656
Interest received	333	351	476
Net cash from operating activities	26,533	40,543	33,132
Investing activities			
Repayment from finance lease receivable	—	4,002	3,525
Placement of restricted bank deposits	(3,000)	—	—
Placement of pledged bank deposits	(7,817)	—	—
Withdrawal of pledged bank deposits	—	3,189	2,760
Purchase of property, plant and equipment	(70,068)	(1,610)	(2,392)
Net cash (used in) from investing activities	(80,885)	5,581	3,893

	Year ended 31 March		
	2008	2009	2010
	US$'000	*US$'000*	*US$'000*
Financing activities			
Interest paid	(2,387)	(4,266)	(1,528)
Capital injection	10	—	—
Repayment to directors	—	(9,344)	(10,976)
Advance from directors	1,710	—	—
New bank loans raised	103,390	—	—
Repayment of bank loans	(50,000)	(32,800)	(24,300)
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, represented by bank balances and cash	526	240	461

Notes to the Financial Information

1. GENERAL INFORMATION AND BASIS OF PRESENTATION OF FINANCIAL INFORMATION

The Company was incorporated as an exempted company in the Cayman Islands with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 21 April 2010. The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is situated at 12/F, 200 Gloucester Road, Wanchai, Hong Kong. The Company is an investment holding company.

Pursuant to the Corporate Reorganisation as set out in the section headed "Reorganisation" in Appendix V to the Prospectus, Ablaze Rich Investments Limited ("Ablaze Rich"), a company incorporated in the British Virgin Islands which was held by Mr. Yan Kim Po ("Mr. Yan") and Ms. Lam Kwan ("Ms. Lam"), acquired the entire interest in Bryance Group, Great Ocean, Greater Shipping, Joy Ocean and Union Apex, which were directly or indirectly held by Mr. Yan and Ms. Lam, by shares swap.

Pursuant to the above Corporate Reorganisation, the Company was incorporated and interspersed between Ablaze Rich and Bryance Group, Great Ocean, Greater Shipping, Joy Ocean and Union Apex, and became the holding company of the companies now comprising the Group on 13 September 2010. The Group comprising the Company and its subsidiaries resulting from the Corporate Reorganisation was regarded as a continuing entity as the Group was under the control of Mr. Yan and Ms. Lam prior to and after the Corporate 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 as set out in note 3.

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 Periods, or since the date of incorporation, where this is a shorter period. The combined statements of financial position at 31 March 2008, 2009 and 2010 present the assets and liabilities of the Group which had been incorporated 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.

The Financial Information is presented in United States Dollars ("US$"), which is the functional currency of the Company.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

For the purposes of preparing and presenting the Financial Information of the Track Record Periods, the Group has consistently applied Hong Kong Accounting Standards ("HKAS(s)"), Hong Kong Financial Reporting Standards ("HKFRS(s)"), amendments and interpretations ("HK(IFRIC) — Int") which are effective for the Group's financial year beginning on 1 April 2009 throughout the Track Record Periods.

At the date of this report, the HKICPA has issued the following new and revised standards, amendments and interpretations that are not yet effective. The Group has not early applied these new and revised standards, amendments or interpretations during the Track Record Periods.

HKFRSs (Amendments)	Amendment to HKFRS 5 included in Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[5]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[6]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[8]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[6]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK (IFRIC) — Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK (IFRIC) — Int 17	Distributions of Non-cash Assets to Owners[1]
HK (IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments[8]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 February 2010.
6 Effective for annual periods beginning on or after 1 January 2010.
7 Effective for annual periods beginning on or after 1 January 2013.
8 Effective for annual periods beginning on or after 1 July 2010.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments and interpretations will have no material impact on the Financial Information.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis and in accordance with the accounting policies set out below which conform with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Hong Kong Companies Ordinance. These policies have been consistently applied throughout the Track Record Periods.

Basis of combination

The Financial Information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on combination.

Merger accounting for business combinations involving entities under common control

The Financial Information incorporate 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.

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.

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

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.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

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.

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 re-organisation.

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.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

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

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

Financial liabilities

Financial liabilities (including other payables and accruals, amounts due to directors and bank loans) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the relevant group entities are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged or cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 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 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.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in note 3, the management has made various estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on past experience, expectations of the future and other information that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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$41,600,000 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 been 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 of 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, 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.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of debts, which includes amounts due to directors and bank loans as disclosed in notes 20 and 21 respectively, and equity attributable to owners of the Company, comprising share capital and retained profits.

The management of the Group reviews the capital structure periodically. The Group considers the cost of capital and risks associated with the capital, and will balance its overall capital structure through payment of dividends, issuance of new shares as well as the raising of new debts or the repayment of existing debts.

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments measured under HKAS 39 Financial Instruments: Recognition and Measurement

		At 31 March	
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Financial assets			
Loans and receivables (including cash and cash equivalents)	16,059	11,970	9,402
Financial liabilities			
Amortised cost	139,338	95,975	61,028

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, finance lease receivable, restricted bank deposits, pledged bank deposits, bank balances and cash, other payables and accruals, amounts due to directors and bank loans. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no significant changes to the Group's exposure to financial risk or the manner in which the Group manages and measures the risk throughout the Track Record Periods.

Interest rate risk

The Group's cash flow interest rate risk primarily relates to bank deposits and balances carried variable rate (note 18) and variable-rate bank loans (note 21). The Group is also exposed to fair value interest rate risk in relation to its finance lease receivable (note 16). 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.

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments relating to variable-rate bank loans as at 31 March 2008, 2009 and 2010. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole reporting year. A 100 basis points increase or decrease is used as it represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the years ended 31 March 2008, 2009 and 2010 would decrease/increase by US$1,040,000, US$712,000 and US$469,000, respectively.

Foreign exchange risk

The Group's operations are mainly in United States dollars and the operating expenses incurred are denominated in United States dollars with a small extent in Hong Kong dollars and other foreign currencies. In addition, all revenue is denominated in United States dollars. As the Group does not have significant foreign currency transactions and balances, foreign currency sensitivity analysis is not presented.

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 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 with operations in Korea who has good repayment history, and 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.

The following table details the Group's contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are based on floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average interest rate	**6 months or less**	**6–12 months**	**1–2 years**	**2–5 years**	**Over 5 years**	**Total undiscounted cash flows**	**Carrying amounts**
	%	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 31 March 2008								
Other payables and accruals	—	1,978	—	—	—	—	1,978	1,978
Amounts due to directors	—	33,956	—	—	—	—	33,956	33,956
Secured bank loans	5.23	18,800	18,355	27,188	28,000	27,641	119,984	103,404
		54,734	18,355	27,188	28,000	27,641	155,918	139,338

	Weighted average interest rate	**6 months or less**	**6–12 months**	**1–2 years**	**2–5 years**	**Over 5 years**	**Total undiscounted cash flows**	**Carrying amounts**
	%	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 31 March 2009								
Other payables and accruals	—	673	—	—	—	—	673	673
Amounts due to directors	—	24,612	—	—	—	—	24,612	24,612
Secured bank loans	3.40	13,027	12,853	13,390	15,091	23,261	77,622	70,690
		38,312	12,853	13,390	15,091	23,261	102,907	95,975

	Weighted average interest rate	**6 months or less**	**6–12 months**	**1–2 years**	**2–5 years**	**Over 5 years**	**Total undiscounted cash flows**	**Carrying amounts**
	%	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 31 March 2010								
Other payables and accruals	—	917	—	—	—	—	917	917
Amounts due to directors	—	13,636	—	—	—	—	13,636	13,636
Secured bank loans	1.72	6,514	6,459	8,518	8,092	20,285	49,868	46,475
		21,067	6,459	8,518	8,092	20,285	64,421	61,028

c. 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.

7. REVENUE

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

8. SEGMENT INFORMATION

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The information reported to the Group's chief operating decision maker (i.e. the board of directors) for the purpose of resource allocation and assessment of performance is prepared based on the overall operation of vessels on a combined basis which is the only operating segment reported internally.

The following is an analysis of segment revenue and segment results from the operation of the vessels on a combined basis that reported internally to the chief operating decision maker and reconciled to the Group's combined revenue and combined results.

For the year ended 31 March 2008

	Operating Segment	Reconciliation	Combined
	US$'000	*US$'000*	*US$'000*
Revenue			
Time charter income	34,577	—	34,577
Service income	—	—	—
Total	34,577	—	34,577
Gross profit	16,732	—	16,732
Other income	778	—	778
General and administrative expenses	(513)	—	(513)
Other losses	—	—	—
Finance costs	(3,513)	—	(3,513)
Segment results/Profit before tax	13,484	—	13,484

For the year ended 31 March 2009

	Operating segment *US$'000*	Reconciliation *US$'000* *(note)*	Combined *US$'000*
Revenue			
Time charter income	52,203	(2,227)	49,976
Service income	—	2,227	2,227
Total	52,203	—	52,203
Gross profit	27,863	609	28,472
Other income	197	158	355
General and administrative expenses	(622)	—	(622)
Other losses	—	(941)	(941)
Finance costs	(3,641)	—	(3,641)
Segment results/Profit before tax	23,797	(174)	23,623

For the year ended 31 March 2010

	Operating segment *US$'000*	Reconciliation *US$'000* *(note)*	Combined *US$'000*
Revenue			
Time charter income	41,782	(6,963)	34,819
Service income	—	6,963	6,963
Total	41,782	—	41,782
Gross profit	18,109	2,514	20,623
Other income	68	475	543
General and administrative expenses	(269)	—	(269)
Other losses	(177)	—	(177)
Finance costs	(1,361)	—	(1,361)
Segment results/Profit before tax	16,370	2,989	19,359

Note: The reconciliation adjustment reflects a lease classification from an operating lease to a finance lease with derecognition of the vessel and recognition of the finance lease receivable. Save as above-mentioned, the accounting policies of the operating segment are the same as the Group's accounting policies described in note 3.

Segment assets and liabilities

No assets and liabilities are included in the measures of the Group's segment reporting that are submitted to and reviewed by the chief operating decision maker internally. Accordingly, no segment assets and liabilities are presented.

Geographical information

Due to the nature of the provision of vessel chartering services, which are carried out internationally, the directors consider that it is not meaningful to provide the financial information by geographical segment. Accordingly, geographical segment revenue for the provision of vessel chartering services is not presented.

Information about customers

Revenue arising from the provision of vessel chartering services from customers during the Track Record Periods individually contributing over 10% of total revenue of the Group is as follows:

	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Customer A	15,665	26,148	13,213
Customer B	11,052	17,717	9,149
Customer C[1]	5,520	—	—
Customer D[2]	—	—	4,778
Customer E[3]	—	—	4,504
Customer F[3]	—	—	6,963
	32,237	43,865	38,607

1 Revenue contribution from customer C was less than 10% of the Group's total revenue for the year ended 31 March 2009 while no revenue was recorded from this customer for the year ended 31 March 2010.

2 No revenue was recorded from customer D for the years ended 31 March 2008 and 2009.

3 No revenue was recorded from customer E and customer F for the year ended 31 March 2008 while revenue contributions from these customers were less than 10% of the Group's total revenue for the year ended 31 March 2009.

9. OTHER INCOME

	Year ended 31 March		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Interest income from bank deposits	333	193	1
Claim received	445	—	3
Finance income	—	158	475
Others	—	4	64
	778	355	543

10. FINANCE COSTS

	Year ended 31 March		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Interest on bank loans			
— wholly repayable within five years	1,594	970	303
— not wholly repayable within five years	1,904	2,585	973
Loan arrangement fee	15	86	85
	3,513	3,641	1,361

11. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong during the Track Record Periods.

In the opinion of the directors, there is no taxation arising in other jurisdictions.

The tax for the year can be reconciled to the profit before tax as follows:

	Year ended 31 March		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Profit before tax	13,484	23,623	19,359
Tax charge at income tax rate of 17.5% for 2008 and 16.5% for 2009 and 2010	2,360	3,898	3,194
Tax effect of offshore income not taxable for tax purpose	(6,051)	(8,640)	(6,972)
Tax effect of income not taxable for tax purpose	(136)	(32)	(12)
Tax effect of expenses not deductible for tax purpose	3,827	4,774	3,790
Tax for the year	—	—	—

No deferred tax has been provided as the Group did not have any significant temporary difference during the Track Record Periods and at the end of each reporting period.

12. PROFIT FOR THE YEAR

	Year ended 31 March		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Profit for the year has been arrived at after charging:			
Auditor's remuneration	18	10	120
Crew expenses	1,886	3,198	3,130
Depreciation of property, plant and equipment	9,750	12,629	11,015
Loss on disposal of property, plant and equipment	—	941	—
Impairment losses recognised on receivables	—	—	177
Directors' emoluments	—	—	—

No emoluments have been paid to the directors of the Company during the Track Record Periods and no directors of the Company waived or agreed to waive any emoluments during the Track Record Periods.

The Group does not have any administrative staff during the Track Record Periods as the administrative works are handled by a related company for which the Group paid the agency fee for the services rendered (note 24). Crew expenses represent salaries and allowances of crew members worked for the Group but were employed by an independent ship management company on behalf of the Group.

13. EMPLOYEES' EMOLUMENTS

The five highest paid individuals of the Group for the Track Record Periods are as follows:

	Year ended 31 March		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Salaries and allowances	112	212	218

Note: The emolument of each of the above employees is below HK$1,000,000 (equivalent to US$128,700).

During the Track Record Periods, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. EARNINGS PER SHARE

The calculations of basic earnings per share for the Track Record Periods are based on the profit for each of the three years ended 31 March 2010 and on the basis of 640,000,000 ordinary shares issued pursuant to the Corporate Reorganisation that is deemed to have become effective on 1 April 2007.

No diluted earnings per share has been presented for the Track Record Periods as there was no outstanding potential ordinary share at the end of each reporting period.

15. PROPERTY, PLANT AND EQUIPMENT

	Vessels
	US$'000
Cost	
At 1 April 2007	105,123
Additions	70,068
At 31 March 2008	175,191
Additions	1,610
Eliminated on derecognition under finance lease	(20,245)
At 31 March 2009	156,556
Additions	2,392
At 31 March 2010	158,948
Accumulated depreciation	
At 1 April 2007	10,586
Provided for the year	9,750
At 31 March 2008	20,336
Provided for the year	12,629
Eliminated on derecognition under finance lease	(10,404)
At 31 March 2009	22,561
Provided for the year	11,015
At 31 March 2010	33,576
Carrying values	
At 31 March 2008	154,855
At 31 March 2009	133,995
At 31 March 2010	125,372

The Group's vessels have been mortgaged as security for bank loans as detailed in note 21.

16. FINANCE LEASE RECEIVABLE

	At 31 March 2008	2009	2010
	US$'000	*US$'000*	*US$'000*
Analysed as:			
Current	—	3,659	—
Non-current	—	1,239	1,373
	—	4,898	1,373

	Minimum lease payments At 31 March 2008	2009	2010	Present value of minimum lease payments At 31 March 2008	2009	2010
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Within one year	—	4,000	—	—	3,659	—
In more than one year but not more than two years	—	—	—	—	—	—
In more than two years but not more than five years	—	2,000	2,000	—	1,239	1,373
	—	6,000	2,000	—	4,898	1,373
Less: unearned future finance lease income	—	(1,102)	(627)	—	—	—
Present value of minimum lease payments receivable	—	4,898	1,373	—	4,898	1,373

During the year ended 31 March 2009, the Group entered into a 5-year finance lease contract for leasing of a vessel, and details of which had been set out in note 4. The vessel was derecognised during the year ended 31 March 2009 at the carrying amount of US$9,841,000 while the value at the inception of the lease was US$8,900,000.

The effective interest rate is approximately 10.8% per annum for the years ended 31 March 2009 and 2010.

Finance lease receivable balance is secured over the leased vessel. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

The maximum exposure to credit risk of finance lease receivable for the current and prior years is the carrying amount as the Group has no allowance for doubtful debts. The finance lease receivable is neither past due nor impaired.

17. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

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

The following is an analysis of trade receivables presented based on the invoice date at the end of the reporting period:

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

Time charter income is prepaid in advance by charterers. Trade receivables disclosed above are amounts past due at the end of the reporting period for which the Group has not recognised an impairment loss. The Group does not hold any collateral over these balances.

Movement in the allowance for doubtful debts is as follows:

	At 31 March		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Balance at beginning of the year	—	—	—
Impairment losses recognised on receivables	—	—	177
Amounts written off as uncollectible	—	—	(177)
Balance at end of the year	—	—	—

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of US$177,000 which have either been placed under liquidation or are unsettled due to the speed and other under-performance disputes between the Group and certain customers. The Group does not hold any collateral over these balances.

The trade and other receivables are mainly denominated in United States dollars.

18. RESTRICTED BANK DEPOSITS/PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

The restricted bank deposits represent minimum deposits to be maintained throughout the terms of the bank loans.

The pledged deposits have been placed in designated banks as part of the securities provided for long-term bank loans granted to the Group. However, the balances can be withdrawn by the Group from time to time and so 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 during the Track Record Periods.

Bank balances carry interest at prevailing market deposit rates which range from 0.001% to 2.5% per annum during the Track Record Periods.

19. OTHER PAYABLES AND ACCRUALS

	At 31 March		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Other payables and accruals	1,978	673	917
Receipt in advances from charterers	2,448	2,193	3,037
	4,426	2,866	3,954

20. AMOUNTS DUE TO DIRECTORS

	At 31 March		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Mr. Yan	19,015	14,238	8,632
Ms. Lam	14,941	10,374	5,004
	33,956	24,612	13,636

The amounts are unsecured, interest free and repayable on demand.

Subsequent to 31 March 2010, the directors agreed to capitalise the amounts due from the Group as capital.

21. BANK LOANS

	At 31 March		
	2008	2009	2010
	US$'000	*US$'000*	*US$'000*
Bank loans	104,000	71,200	46,900
Loan arrangement fee	(596)	(510)	(425)
	103,404	70,690	46,475
Bank loans repayable:			
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
	103,404	70,690	46,475
Less: Amounts due within one year shown under current liabilities	(32,715)	(24,215)	(12,215)
	70,689	46,475	34,260
Weighted average effective interest rate	5.23%	3.40%	1.72%

The Group's bank loans are denominated in United States dollars and carry at variable rates. The proceeds were used to finance the acquisition of vessels.

In relation to the bank loan of US$39,000,000 raised on 3 January 2008 for financing the purchase of a vessel, the loan carries interest at LIBOR plus 1.25% per annum and is repayable by 40 consecutive quarterly instalments commencing from 11 February 2008 followed by a final payment of US$11,200,000 on 11 February 2018. The loan is secured by the following:

(i) Personal guarantee from Mr. Yan and Ms. Lam;

(ii) First preferred mortgage over the vessel held by Bryance Group, named "GH POWER";

(iii) Charge over the shares of Bryance Group;

(iv) Assignment of time charter income and insurance in respect of the vessel named "GH POWER"; and

(v) Corporate guarantee from Greater Shipping.

In relation to the bank loans of US$65,000,000 in aggregate raised on 3 January 2008 for financing the purchase of two vessels, the loans carry interest at the cost of funds plus 1.275% and 1.35% per annum and are repayable by 36 and 16 consecutive quarterly instalments, respectively, commencing from 9 January 2008 followed by a final payment of US$3,000,000 and US$3,500,000 on 9 January 2017 and 9 January 2012, respectively. The loans are secured by the following:

(i) Personal guarantee from Mr. Yan and Ms. Lam;

(ii) First preferred mortgages over the vessels held by Joy Ocean and Great Ocean, named "GH FORTUNE" and "GH RESOURCES", respectively;

(iii) Charge over the shares of Joy Ocean and Great Ocean;

(iv) Assignments of insurance and time charter income in respect of the vessels named "GH FORTUNE" and "GH RESOURCES", respectively; and

(v) Corporate guarantee from Greater Shipping.

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 of the Company's shares on the Stock Exchange and be substituted by corporate guarantee to be given by the Company in favour of these banks.

22. COMBINED CAPITAL

For the purpose of the presentation of the combined statements of financial position, the balances of combined capital at the end of each reporting period represent the aggregate issued share capital of the companies now comprising the Group existed on those dates.

23. LEASE ARRANGEMENT

The Group as lessor

The total future minimum lease payments receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	At 31 March		
	2008	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Within one year	21,800	26,825	3,603
In the second to fifth year inclusive	10,328	1,020	—
	31,128	27,845	3,603

Leases are negotiated for terms which range from within one year to two years. Time charter is fixed over the respective leases.

In addition, the Group entered into an arrangement in respect of service rendered to a charterer for a period of 60 months commencing from 4 December 2008 at a daily rate of US$19,300 until 31 March 2009 and US$18,630 for the rest of the period.

24. RELATED PARTY TRANSACTIONS

(a) During the Track Record Periods, the Group had the following transactions with a related party:

	At 31 March		
Nature of transactions	**2008**	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*
Agency fee paid	257	372	315

The related company is a company in which Mr. Yan and Ms. Lam, the directors of the Company have beneficial interests.

The agency fee covers the services in handling operational and commercial activities for the vessels held by the Group, provision of accounting services and human resources support. Details of the agency services are set out in the paragraph headed "Agency services provided by Million Miles" under the section headed "Relationship with the controlling shareholders" to the Prospectus.

The directors of the Company confirm that the related party transactions which terms were negotiated between the parties to the agreement were conducted in the ordinary course of the Group's business.

As part of the Corporate Reorganisation to streamline the operation of the Group and to eliminate unnecessary connected transaction, the Group terminated all the agency agreements entered into among the related party and each of Greater Shipping, Joy Ocean, Great Ocean and Bryance Group on 9 June 2010. New agency agreements were entered into between Union Apex and each of Greater Shipping, Joy Ocean, Great Ocean and Bryance Group on 10 June 2010 for Union Apex to assume the works of the related party for the Group since 10 June 2010. After such Corporate Reorganisation, the related party ceased providing any services to the Group.

(b) Details of the balances and other transactions with the related parties are set out in notes 20 and 21.

25. MAJOR NON-CASH TRANSACTION

During the year ended 31 March 2009, the Group entered into a finance lease in respect of the disposal of property, plant and equipment with a value of US$8,900,000 at the inception of the lease.

B. DIRECTORS' EMOLUMENTS

Under the arrangement currently in force, the aggregate amount of emoluments of the directors of the Company payable for the year ending 31 March 2011 is estimated to be approximately US$449,000.

C. ULTIMATE HOLDING COMPANY

At the date of this report, the directors of the Company consider Ablaze Rich, a company incorporated in the British Virgin Islands, to be the ultimate holding company of the Company, which is under the control of Mr. Yan and Ms. Lam.

D. SUBSEQUENT EVENTS

The following events took place subsequent to 31 March 2010:

(a) On 13 September 2010, the companies comprising the Group underwent and completed a reorganisation in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange. Further details of the Corporate Reorganisation are set out in the paragraph "Reorganisation" in Appendix V to the Prospectus.

(b) On 13 September 2010, written resolutions of the sole shareholder of the Company were passed to approve the matters set out in the paragraph headed "Written resolutions of the sole Shareholder" passed on 13 September 2010 in Appendix V to the Prospectus.

Save as aforesaid, no other significant events took place subsequent to 31 March 2010.

E. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of any companies now comprising the Group have been prepared in respect of any period subsequent to 31 March 2010.

Yours faithfully

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong