Great Harvest Maeta Group Holdings Limited
榮 豐 聯 合 控 股 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

Stock code: 3683

Annual Report 2011

CONTENTS

GLOSSARY

"Ablaze Rich"	Ablaze Rich Investments Limited (耀豐投資有限公司), a company incorporated in the BVI on 1 July 2008 and the holding company of the Company
"Audit Committee"	the audit committee of the Board
"Baltic Capesize Index"	an index of the shipping prices of capesize vessels made up of 10 daily capesize vessel assessments including voyage and time charter rates published by the Baltic Exchange in London
"Baltic Dry Index"	an index of the daily average of international shipping prices of various dry bulk cargoes made up of 20 key dry bulk routes published by the Baltic Exchange in London
"Board"	the board of Directors
"Bryance Group"	Bryance Group Limited, a company incorporated in the BVI on 28 September 2006 and a wholly-owned subsidiary of the Company
"BVI"	the British Virgin Islands
"CG Code"	the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules
"Company"	Great Harvest Maeta Group Holdings Limited (榮豐聯合控股有限公司), an exempted company incorporated in the Cayman Islands on 21 April 2010 under the Companies Laws of the Cayman Islands with limited liability
"Daily TCE"	an acronym for daily time charter equivalent, a standard industry measurement of the average daily revenue performance of a vessel. The TCE is calculated by dividing the voyage revenues (net of expenses such as port, canal and bunker costs) by the available days (being the number of days that the vessel was operated by the Group during the charter period minus days without charter hire due to repair and maintenance and between two charter periods and days agreed with the charterers due to the speed claims or any other reasonable claims arising from the under-performance of the vessel) for the relevant time period
"Director(s)"	director(s) of the Company
"First Loan"	a term loan for the aggregate principal amount of US$65 million for the purpose of refinancing the former bank borrowings for the acquisitions of GH FORTUNE and GH RESOURCES, and for working capital purpose. US$35 million of the principal amount of such term loan shall be repaid by 36 quarterly instalments, and US$30 million thereof shall be repaid by 16 quarterly instalments, commencing 3 months from 9 January 2008
"Great Ocean"	Great Ocean Shipping Limited (浩洋船務有限公司), a company incorporated in the BVI on 29 September 2006 and a wholly-owned subsidiary of the Company
"Greater Shipping"	Greater Shipping Co., Ltd. (榮達船務有限公司), a company incorporated in the BVI on 31 May 2002 and a wholly-owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"HK$" and "HK cents"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Joy Ocean"	Joy Ocean Shipping Limited (悅洋船務有限公司), a company incorporated in the BVI on 21 October 2004 and a wholly-owned subsidiary of the Company

Glossary

"Listing"	the listing of the Shares on the Main Board
"Listing Date"	the date on which trading of the Shares on the Main Board first commenced, i.e. 11 October 2010
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market operated by the Stock Exchange, which excludes the Growth Enterprise Market of the Stock Exchange and the options market
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Mr. Yan"	Mr. YAN Kim Po (殷劍波先生), the chairman of the Board, an executive Director and the husband of Ms. Lam
"Ms. Lam"	Ms. LAM Kwan (林群女士), the chief executive officer of the Company, an executive Director and the wife of Mr. Yan
"Nomination Committee"	the nomination committee of the Board
"PRC" or " China"	the People's Republic of China which, for the purposes of this annual report only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Remuneration Committee"	the remuneration committee of the Board
"RMB"	Renminbi, the lawful currency of the PRC
"Second Loan"	a term loan for the principal amount of US$39 million for the acquisition of GH POWER. The principal amount shall be repaid by 40 quarterly instalments commencing 3 months from 11 February 2008
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Third Loan"	a term loan for the principal amount of US$26 million for the acquisition of GH GLORY. 70% of the principal amount of the bank loan shall be repayable by 28 consecutive quarterly instalments of US$650,000 commencing three months from the drawdown date, and the remaining 30% of the principal amount of the loan to be repaid together with the last quarterly instalment
"Union Apex"	Union Apex Mega Shipping Limited (聯合佳成船務有限公司), a company incorporated in Hong Kong on 2 December 2009 and a wholly-owned subsidiary of the Company
"US$" and "US cents"	United States dollars and cents, respectively, the lawful currency of the US
"Way Ocean"	Way Ocean Shipping Limited, a company incorporated in the BVI on 8 October 2010 and a wholly-owned subsidiary of the Company

CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. YAN Kim Po (殷劍波) *(Chairman)*
Ms. LAM Kwan (林群) *(Chief Executive Officer)*
Mr. CAO Jiancheng (曹建成)

Independent non-executive Directors

Mr. CHEUNG Kwan Hung (張鈞鴻)
Mr. CHAN Chung Bun, Bunny (陳振彬)
Mr. WAI Kwok Hung (韋國洪)

Audit Committee

Mr. CHEUNG Kwan Hung (張鈞鴻)
(Chairman of Audit Committee)
Mr. CHAN Chung Bun, Bunny (陳振彬)
Mr. WAI Kwok Hung (韋國洪)

Remuneration Committee

Mr. YAN Kim Po (殷劍波)
(Chairman of Remuneration Committee)
Mr. CHEUNG Kwan Hung (張鈞鴻)
Mr. CHAN Chung Bun, Bunny (陳振彬)

Nomination Committee

Mr. YAN Kim Po (殷劍波)
(Chairman of Nomination Committee)
Mr. CHAN Chung Bun, Bunny (陳振彬)
Mr. WAI Kwok Hung (韋國洪)

Company secretary

Mr. LAU Ying Kit (劉英傑)
Certified Public Accountant

Authorised representatives

Mr. CAO Jiancheng (曹建成)
Mr. LAU Ying Kit (劉英傑)
Ms. LAM Kwan (林群)
(alternate to the authorised representatives)

Registered office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Headquarter and principal place of business in Hong Kong

12th Floor
200 Gloucester Road
Wanchai
Hong Kong

Principal share registrar and transfer office in the Cayman Islands

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Hong Kong share registrar and transfer office

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Compliance adviser

Haitong International Capital Limited

Auditors

Deloitte Touche Tohmatsu

Legal advisers as to Hong Kong law

Chiu & Partners

Principal bankers

Standard Chartered Bank (Hong Kong) Limited
DVB Group Merchant Bank (Asia) Limited
HSH Nordbank AG
Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation

Stock code

3683

Website address

www.greatharvestmg.com

FINANCIAL HIGHLIGHTS

Consolidated/Combined statements of comprehensive income

	Year ended 31 March			
	2011	2010	2009	2008
	US$'000	US$'000	US$'000	US$'000
Revenue	**30,555**	41,782	52,203	34,577
Cost of services	**(21,251)**	(21,159)	(23,731)	(17,845)
Gross profit	**9,304**	20,623	28,472	16,732
Other income	**381**	543	355	778
General and administrative expenses	**(2,530)**	(269)	(622)	(513)
Listing expenses	**(1,863)**	—	—	—
Other losses	**(4)**	(177)	(941)	—
Finance costs	**(1,157)**	(1,361)	(3,641)	(3,513)
Profit before tax	**4,131**	19,359	23,623	13,484
Taxation	**—**	—	—	—
Profit for the year and total comprehensive income for the year	**4,131**	19,359	23,623	13,484

Assets and liabilities

	At 31 March			
	2011	2010	2009	2008
	US$'000	US$'000	US$'000	US$'000
Total assets	**177,749**	136,756	151,500	171,495
Total liabilities	**(61,101)**	(64,065)	(98,168)	(141,786)
Net assets	**116,648**	72,691	53,332	29,709

CHAIRMAN'S STATEMENT

Dear shareholders,

In 2010, the dry bulk marine transportation market witnessed roller-coaster fluctuations against the backdrop of lackluster recovery of but ongoing uncertainties in the global economy. Riding on the growth momentum brought by the recovery in demand for marine transportation of dry bulk in 2009, the spot rate for dry bulk stayed at a relatively high level during the first half of 2010. Major bulk imports, however, declined along with the introduction of austerity measures by fast-growing countries, such as China and India, with a view to curb inflation. Coupled with the excess delivery and usage of new building vessels and the significant surge in fuel oil prices, there was mounting downward pressure on the freight rates for dry bulk vessels. Thus, the dry bulk freight market showed a trend of eventual decline following its initial growth for the year ended 31 March 2011, the Baltic Dry Index dropped by 21.6% year-on-year and our fleet recorded a greater decline in operating revenue.

Amidst such a challenging and volatile market environment, nonetheless, our fleet managed to maintain a sound operational status with a utilisation rate as high as 95.2% for vessel chartering and a recovery rate of close to 100% for receipt of charter hire.

Looking forward, the dry bulk marine transportation market and the general economic conditions will remain subject to various uncertainties in the coming year. Oversupply in the market is unlikely to turn around in the short run given the record high level of the number of new building vessels. As such, we will go on to operate our fleet in a prudent and nimble manner, offer excellent transportation services to customers and capture bigger operating revenue.

Our vessels mainly carry bulk cargoes including iron ore, coal, bauxite and grains. On top of that, our management also has extensive knowledge on the upstream market to the Group's shipping business, such as the mining industry and the customers of the market thereof. In a bid to consolidate and expand our scope of business, we currently intend to identify more new development opportunities and/or expand our scope of business and diversify our income streams by actively considering expansion into other businesses, such as the upstream business, apart from the shipping business.

Lastly, on behalf of the Board, I would like to express my gratitude to all the shareholders who have been rendering their support to the Group, and all the staff who have been so dedicated and have been working so hard. On behalf of the Group, I would also like to express my sincere thanks to our customers, business partners, suppliers and bankers for their confidence and trust in the Group.

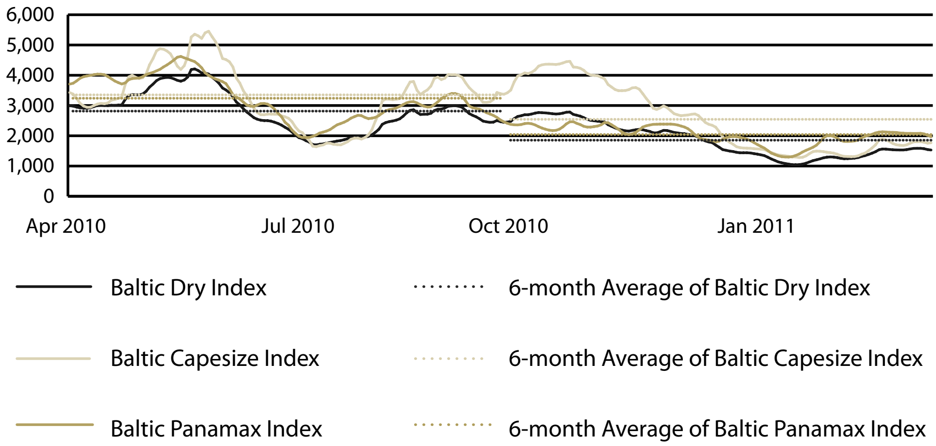
Yan Kim Po
Chairman

28 June 2011

MANAGEMENT DISCUSSION AND ANALYSIS

Market review

The Baltic Dry Index
April 2010 – March 2011



	Baltic Dry Index	Baltic Capesize Index	Baltic Panamax Index
1 April 2010–31 March 2011 (year average)	2,340	2,954	2,648
1 April 2010–30 September 2010 (first half average)	2,815	3,353	3,240
1 October 2010–31 March 2011 (second half average)	1,854	2,544	2,042

The dry bulk freight market showed a trend of eventual decline following its initial growth for the year ended 31 March 2011. First half averages from 1 April 2010 to 30 September 2010 of the Baltic Dry Index, the Baltic Capesize Index and the Baltic Panamax Index were all higher than the year averages from 1 April 2010 to 31 March 2011, while second half averages from 1 October 2010 to 31 March 2011 were all lower than the year averages.

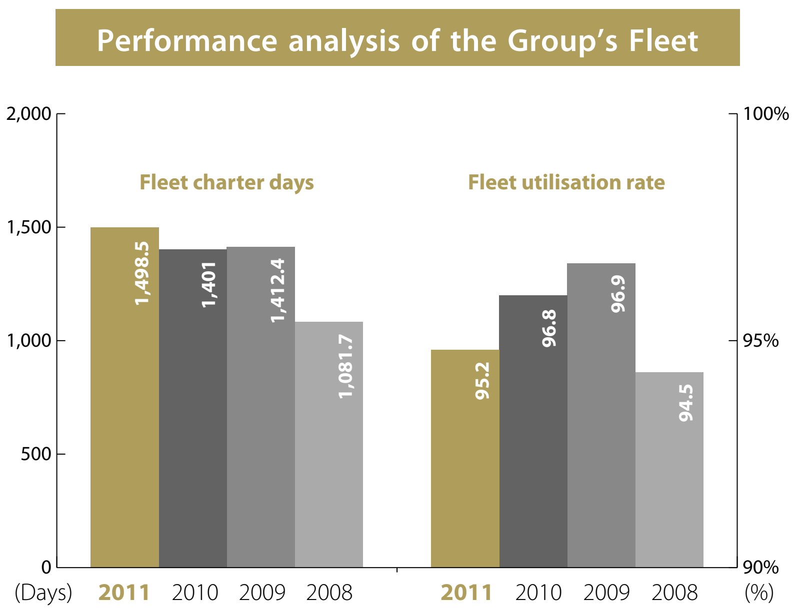
The trend of eventual decrease following its initial increase for the spot rate market was mainly attributable to the rapid expansion of world dry bulk fleet size by approximately 17% as a result of the large amount of delivery of new vessels. For the first half of the year, during which worldwide bulker fleet has yet reached its current size, the dry bulk shipping market was in a comparatively balanced demand and supply situation, and spot rate stood at a relatively reasonable level. However, freight rate plunged continually during the second half of the year, attributed to the larger number of new vessels entering the market with relatively small growth in cargo volume, which turned the market into oversupply and weakened ship owners' bargaining power in the freight market. Falling spot market rates had also exerted an impact on the operation of the time charter market. With uncertain market prospects, transactions for time charters slumped and long term time charters with charter periods of more than a year hardly had a successful transaction, as charterers were not willing to hire time charter vessels in the hope of even lower freight rates. The current market situation is unlikely to turn around fundamentally until the shipping market restores its demand and supply balance.

Depressed market freight rates had already affected the vessel new building market. The original number of the new vessel delivery orders for 2010 was 1,379 of approximately 112 million dwt, but the number of vessels actually delivered was only 941 of approximately 78 million dwt, accounting for 68% of the orders, according to market statistics. Obviously, some of the dry bulk vessel orders had been deferred for delivery and usage or even cancelled under the pressure of rock bottom market freight rates.

Considerable time may be needed for correcting the current oversupply situation of the shipping market. In particular, as the number of new vessel orders for 2011 delivery will remain at a record high level and the delivery and usage of new vessels are expected to exceed that in 2010, ship owners will be under greater pressure, and expect that freight rates will hover at low levels for a prolonged cycle. Under the influence of various unfavorable factors, however, ship owners felt benefited from the gradual recovery of the world economy and gradual growth in the aggregate volume of international trading. According to the statistics of the International Monetary Fund, total trade in goods grew by approximately 13.6% in 2010. Growth in international trading volume always brings relatively positive effects to the marine shipping industry. In 2010, both trade volume and marine transportation volume of iron ore, coal and bulk grains reported more than double-digit growth year-on-year, according to market statistics. Thus, it is probable that the current oversupply of vessels will be corrected by market adjustment as long as sufficient time is given.

Business overview

The Group's fleet consists of four Panamax dry bulk vessels registered under the Group's name (including a newly built, second hand Panamax dry bulk vessel acquired in November 2010 and financed by the IPO net proceeds and the bank loans) and one capsize dry bulk vessel, with an aggregate carrying capacity of about 418,230 dwt.



Even there is an adverse environment for chartering business, riding on the good operational status of the Group's vessels, the Group maintained a consistently high overall fleet utilisation rate at 95.2%, similar to that of the previous year.

The overall average daily charter rate of our vessels was US$21,217 per day (2010: US$29,825 per day). Such decrease was mainly due to the market downturn from October 2010 to March 2011.

The depreciation expenses, commission expenses, crew expenses, repair and maintenance expenses, insurance and fuel expenses composed the major operating expenses of the Group. Although the Group encountered the pressures from various operating costs increase, it recorded a decrease in cost of services (excluding the depreciation expenses) of 7.2% as compared with last year. This is mainly attributable to the success of the implementation of the Group's stringent operating cost control policy and the maintenance of a sound, interactive and cooperative relationship with vessel management companies. Moreover, as our fleet has maintained a sound insurance claims record, the actual insurance premium for this year slightly decreased over last year.

Outlook

Under the market trend of eventual decrease following its initial increase in 2010, the 2011 dry bulk freight market will be a challenging and volatile market. World trade in goods is expected to grow by approximately 7.7% in 2011, greater than the average increase in the past decade, as forecasted by the International Monetary Fund. Growth in trade in goods usually has positive impacts on the demand for marine transportation. Ship brokers also forecast an increase in demand for major bulk cargoes such as iron ore, coal and grains. In addition, this year is the first year of the Twelfth Five-year Plan of the PRC and a number of new infrastructure projects have commenced or will commence. Evidenced by the increase of approximately 20 million tonnes or 8.7% in iron ore imports of the PRC to reach approximately 230 million tonnes for the first 4 months of this year as compared with the corresponding period last year, the growth in demand in the PRC will continue to be a major driver for the dry bulk shipping market this year. However, the issue of excessive delivery and usage of newly built vessels that surrounded the market last year still lies ahead this year. Besides, according to the market statistics from ship brokers, this year's new vessel orders are greater than the volume of delivery and usage of new vessel last year. As such, the general market maintains a conservative view towards this year's freight level, believing that the freight level in 2011 will be lower than last year and oversupply in the shipping market will continue.

In a bid to sustain long term success of the Group's chartering business amidst such an adverse market environment, we will continue to conduct operating activities in a prudent and nimble manner and strive to keep our vessels in good conditions for better services to our customers. We will also strengthen our understanding and research on the market and cooperate with reputable charterers so as to generate stable operating revenue. Our vessels mainly carry bulk cargoes, including iron ore, coal, bauxite and grains. On top of that, our management also has extensive knowledge on the upstream market to the Group's shipping business, such as the mining industry and the customers of the market thereof. In a bid to consolidate and expand our scope of business, we currently intend to identify more new development opportunities and/or expand our business and diversify our income streams by actively considering expansion into other businesses, such as the upstream business, apart from the shipping business.

Financial review

Revenue

Revenue of the Group decreased from about US$41.8 million for the year ended 31 March 2010 to about US$30.6 million for the year ended 31 March 2011, representing a decrease of about US$11.2 million, or about 26.9%. It was comprised of about US$24.5 million of time charter income (constituted about 80.2% of the revenue of the Group), about US$5.5 million of service income (constituted about 18.0% of the revenue of the Group) and about US$0.6 million of voyage charter income (constituted about 1.8% of the revenue of the Group). Such decrease was mainly attributable to the decrease in average Daily TCE of the Group's fleet from about US$29,825 for the year ended 31 March 2010 to about US$21,217 for the year ended 31 March 2011.

Cost of services

Cost of services of the Group increased from about US$21.2 million for the year ended 31 March 2010 to about US$21.3 million for the year ended 31 March 2011, representing an increase of about US$0.1 million or about 0.4%. The increase of cost of services was mainly due to the operating costs of a new vessel, GH GLORY, which was acquired during the year under review and the dry-docking expenses of GREAT HARVEST, one of the Group's Panamax dry bulk vessel.

Gross profit

Gross profit of the Group decreased from about US$20.6 million for the year ended 31 March 2010 to about US$9.3 million for the year ended 31 March 2011, representing a decrease of about US$11.3 million or about 54.9%, and the gross profit margin decreased from about 49.4% for the year ended 31 March 2010 to about 30.5% for the year ended 31 March 2011. The decrease in gross profit margin of the Group was attributable to (i) the decrease in gross profit derived from the time charter segment due to the decrease in average Daily TCE of the Group's vessels; and (ii) the increase of cost of services due to the operating costs of GH GLORY and the dry-docking expenses of GREAT HARVEST.

Other income

Other income of the Group decreased from about US$0.5 million for the year ended 31 March 2010 to about US$0.4 million for the year ended 31 March 2011, representing a decrease of about US$0.1 million, or about 29.8%, mainly due to the decrease in the Group's finance income by about US$0.3 million.

General and administrative expenses

General and administrative expenses of the Group increased from about US$0.3 million for the year ended 31 March 2010 to about US$2.5 million for the year ended 31 March 2011, representing an increase of about US$2.2 million or about 840.5%, mainly due to the expenses incurred by Union Apex, a wholly-owned subsidiary of the Company, which is engaged in the administrative works for all the operation and commercial activities of our operating subsidiaries and commenced operation during the year.

Listing expenses and other losses

Listing expenses were incurred for the purpose of the listing of the Company on the Main Board of the Stock Exchange.

Other losses of the Group decreased from about US$0.2 million for the year ended 31 March 2010 to about US$10,000 for the year ended 31 March 2011, representing a decrease of about US$0.2 million or about 97.7%, due to the decrease in bad debt having been written off.

Finance costs

Finance costs of the Group decreased from about US$1.4 million for the year ended 31 March 2010 to about US$1.2 million for the year ended 31 March 2011, representing a decrease of about US$0.2 million or about 15.0%. 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$19.4 million for the year ended 31 March 2010 to about US$4.1 million for the year ended 31 March 2011, representing a decrease of about US$15.3 million, or about 78.7%. Such decrease was mainly due to (i) the decrease in gross profit of about US$11.3 million; and (ii) the increase in general and administrative expenses of about US$2.2 million.

Liquidity, financial resources, capital structure and gearing ratio

As at 31 March 2011, the Group's bank balances and cash amounted to about US$5.8 million (as at 31 March 2010: about US$0.5 million), of which about 93.4% was denominated in US$ and about 6.6% in HK$. Outstanding bank loans amounted to about US$57.7 million (31 March 2010: about US$46.5 million), of which 100% (31 March 2010: 100%) was denominated in US$.

As at 31 March 2010 and 31 March 2011, the Group had a gearing ratio (being the bank loans of the Group divided by the total assets of the Group) of about 34.0% and 32.4% respectively. The decrease in gearing ratio as at 31 March 2011 was mainly due to the newly borrowed bank loan for acquiring a new vessel in November 2010 being less than the growth of the total assets of the Group mainly resulted from the acquisition of the new vessel.

Net current liabilities of the Group decreased from about US$22.8 million for the year ended 31 March 2010 to about US$1.2 million for the year ended 31 March 2011, representing a decrease of about US$21.6 million, or about 94.7%. Such decrease was mainly due to (i) the capitalisation of loan due from Mr. Yan and Ms. Lam under the reorganisation of the Group for the purposes of the Listing; and (ii) the repayments of bank loans by the Group.

The Group's liquidity requirements will be satisfied by a combination of cash flow generated from the operating activities, bank loans and the proceeds of initial public offering of Shares of the Company in October 2010.

Exposure to fluctuations in exchange rate risk and related hedges

The Group's transactions and monetary assets were primarily denominated in US$. Operating expenses of the Group's Hong Kong subsidiary were primarily denominated in HK$ and the bank loans of the Group were denominated in US$. As the Group does not have significant foreign currency transactions or balances, the Directors consider that the level of foreign currency exposure for the Group is relatively minimal.

During the year ended 31 March 2011, the Group had not adopted any financial instruments for hedging purposes.

Bank loans and 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 at 31 March 2011, the Group recorded outstanding bank loans of about US$57.7 million. The bank loans, namely the First Loan, the Second Loan and the Third Loan, were for financing the acquisition of vessels of the Group and were secured by, inter alia, the following:

- Corporate guarantee from the Company;
- First preferred mortgages over the vessels held by Bryance Group, Joy Ocean, Great Ocean, and Way Ocean respectively;
- Assignment of the charter-hire income and insurance in respect of the vessels held by Bryance Group, Joy Ocean, Great Ocean and Way Ocean respectively;
- Charges over shares of each of Bryance Group, Joy Ocean, Great Ocean and Way Ocean.

The above bank loans were provided to the Group on the conditions that, inter alia, Mr. Yan, Ms. Lam and/or any company controlled by them shall jointly hold at least 51% (for the First Loan and Third Loan) and at least 65% (for the Second Loan only) shareholding interests in the Company respectively. Moreover, 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 of the Company without the lender's consent.

The Third Loan was granted from a bank in November 2010 for the principal amount of US$26 million to finance the acquisition of the new vessel GH GLORY, details of which are set out in the Company's announcement dated 25 October 2010 and its circular to the shareholders dated 15 November 2010.

Save as disclosed above, the Directors have confirmed that, as at the date of this annual report, there are no other circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

Charges on assets

As at 31 March 2011, the Group had pledged the following assets to banks as securities against banking facilities granted to the Group:

	2011 **US$'000**	2010 US$'000
Property, plant and equipment	**159,534**	125,372
Pledged bank deposits	**3,598**	5,695
	163,132	131,067

Contingent liabilities

The Group had no contingent liabilities as at 31 March 2011.

Employees' remuneration and retirement scheme arrangements

As at 31 March 2011, the Group had employed a total of 120 employees (2010: 91 employees). For the year ended 31 March 2011, the total salaries and related cost (including Directors' fees) amounted to approximately US$4.1million (2010: US$3.1 million). It is the Group's policy to remunerate its employees according to the relevant market situation, and accordingly the Group's employees' remuneration level remains at a competitive level and is adjusted in accordance with the employees' performance. Other benefits offered by the Group include mandatory provident fund scheme and medical insurance.

BOARD OF DIRECTORS AND THE SENIOR MANAGEMENT

The updated biographies of the Directors and senior management of the Company are set out as below:

Board of Directors

Executive Directors

Mr. YAN Kim Po (殷劍波), aged 49, is the chairman of the Company, an executive Director and the co-founder of the Group. Mr. Yan is the spouse of Ms. Lam. Mr. Yan is primarily responsible for the operation of the Board and is the key decision-maker of the Group. He is responsible for the Group's overall strategic planning and the management and development of the Group's businesses. Mr. Yan is also a director of each of the subsidiaries of the Company. Mr. Yan is an experienced entrepreneur and has extensive experience in the marine transportation industry and in the investment, development, production, processing, operating and trading of mining and steel industry. Mr. Yan was appointed as Justice of Peace and was granted a Doctor of Philosophy Honoris Causa from Lansbridge University, Canada. He was also honoured as World Outstanding Chinese in 2010. He is currently a director of Adex Mining Inc. (TSXV Stock code: ADE), a company listed on the TSX Venture Exchange in Canada. He is also a fellow of the Hong Kong Institute of Directors and the chairman of the Hong Kong Energy and Minerals United Associations (International) Limited. He is also active in social affairs and was appointed as the Honorary Chairman of Hong Kong Association of Youth Development, the Honorary President of the Junior Police Call, the Honorary President of the Fire Safety Ambassador Club, the Honorary Vice-President of the Hong Kong Police Basketball Club and a member of the Friends of the Community Chest Shatin District Committee. Mr. Yan is currently a director of Ablaze Rich, which has an interest in such number of Shares under Divisions 2 and 3 of Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' interests in Shares and underlying Shares of the Company" of this annual report.

Ms. LAM Kwan (林群), aged 43, is the chief executive officer of the Company, an executive Director and the co-founder of the Group. Ms. Lam is the spouse of Mr. Yan. Ms. Lam is primarily responsible for the Group's day-to-day management and overall business operations as well as its finance and administrative management. She is also a director of each of the subsidiaries of the Company. Ms. Lam has extensive experience in the marine transportation industry. Ms. Lam is currently a director of Adex Mining Inc. (TSXV Stock code: ADE), a company listed on the TSX Venture Exchange in Canada. She is also a director of Pok Oi Hospital and a fellow of the Hong Kong Institute of Directors. She graduated from Dongbei University of Finance and Economics in 1990 with a bachelor degree in English for Finance in the Department of Foreign Language for Finance. Ms. Lam is currently a director of Ablaze Rich, which has an interest in such number of Shares under Divisions 2 and 3 of Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' interests in Shares and underlying Shares of the Company" of this annual report.

Mr. CAO Jiancheng (曹建成), aged 54, has been serving as an executive Director of the Company since June 2010. Mr. Cao is responsible for the Group's overall operational management. Mr. Cao has more than 29 years of experience in the marine transportation industry. Mr. Cao has been a captain of ocean-going cargo ships since around 1982. Before joining the Group, he had worked for 廣州海順船務有限公司 (Guangzhou Hai Shun Shipping Corporation) as a captain from 1985 to 1989. Mr. Cao also worked for Hong Kong Ming Wah Shipping Company Limited from 1989 to 2000 as an operator, chartering member, deputy manager, manager and vice-president during that period. He also held management position as a manager at Valles Steamship Company Limited. Mr. Cao completed the training course for international shipping professional education and obtained a certificate of completion from 上海海運學院 (Shanghai Maritime Institute) in December 1991 through long distance learning, and graduated from Murdoch University with a Master degree of Business Administration in March 1999. Mr. Cao had also been a captain as recognised by the Maritime Affairs Inspection Bureau of the PRC, the Directorate General of Consular and Maritime Affairs of The Republic of Panama and the Bureau of Maritime Affairs of the Ministry of Transport of The Republic of Liberia.

Independent non-executive Directors

Mr. CHEUNG Kwan Hung (張鈞鴻), aged 59, has been serving as an independent non-executive Director of the Company since September 2010. Mr. Cheung obtained a Higher Diploma in Accountancy from the Hong Kong Polytechnic in 1978, and is a qualified accountant in both United Kingdom and Hong Kong. Mr. Cheung has been in the investment banking, corporate management and consultancy profession for over 19 years. He was previously a director of Pacific Capital (Holdings) Limited and Pacific Capital (Asia) Limited in early 1990s. Mr. Cheung was also a director and general manager of PCL Enterprises Holdings Limited (currently known as PacMos Technologies Holdings Limited (Stock Code: 1010)), and an independent non-executive director of Dragonite International Limited (Formly known as Ruyan Group (Holdings) Limited) (Stock Code: 329) and V.S. International Group Limited (Stock Code: 1002), the shares of which are listed on the Main Board of the Stock Exchange. Mr. Cheung is currently an independent non-executive director of two companies listed on the Main Board of the Stock Exchange, namely PetroAsian Energy Holdings Limited (Stock Code: 850), NewOcean Energy Holdings Limited (Stock Code: 342), and Mobile Telecom Network (Holdings) Limited (Stock Code: 8266) which is listed on the Growth Enterprise Market of the Stock Exchange.

Mr. CHAN Chung Bun, Bunny (陳振彬), aged 53, has been serving as an independent non-executive Director of the Company since September 2010. Mr. Chan has extensive experience in commerce and is currently the chairman of Prospectful Holdings Limited. Mr. Chan is active in community affairs in Hong Kong. He is currently the chairman of Kwun Tong District Council of Hong Kong and has been re-appointed as the chairman of the Commission on Youth of Hong Kong for a term of two years commencing from 1 April 2011. Mr. Chan was appointed as Justice of Peace in 2002 and was awarded the Bronze Bauhinia Star medal in 2004 and Silver Bauhinia Star medal in 2009 by the Government of Hong Kong. Mr. Chan was awarded the title of Honorary University Fellow by the Open University of Hong Kong in 2008. In November 2010, Mr. Chan was appointed as the member of the Steering Committee on Community Care Fund.

Mr. WAI Kwok Hung (韋國洪), aged 56, has been serving as an independent non-executive Director of the Company since September 2010. Mr. Wai has been an independent director of a Hong Kong listed company, Town Health International Investments Limited (Stock code: 3886) since July 2002. He is active in the affairs of the Shatin community and is currently the chairman of the Shatin District Council of Hong Kong and the vice-president of Shatin Sports Association Limited. Mr. Wai was appointed as Justice of Peace in July 2002 and was awarded the Silver Bauhinia Star medal in 2008 by the government of Hong Kong.

Board of Directors and the Senior Management

Senior management

Mr. SUNG Lik Man (宋力文), aged 39, the vice general manager of the Group. Mr. Sung is responsible for the Group's overall operational management. He obtained his bachelor's degree in Maritime Management from Dalian Maritime University (大連海事大學) in July 1995. Mr. Sung has over 11 years of experiences in the marine transportation industry and he joined the Group in June 2010 as the vice general manager of Union Apex. Before joining Union Apex, Mr. Sung was the chartering manager of Million Miles Shipping (Hong Kong) Limited from March 2003 to June 2010. Before joining Million Miles Shipping (Hong Kong) Limited, Mr. Sung also worked for COSCO (Hong Kong) Shipping Co., Ltd., a subsidiary of China COSCO Holdings Company Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1919), from February 2000 to February 2003.

Mr. LAU Ying Kit (劉英傑), aged 37, has been serving as the chief financial officer and company secretary of the Company since August 2010. Mr. Lau is responsible for the oversight of the Group's financial and accounting operations, and company secretarial and internal control function. Mr. Lau is a member of the Hong Kong Institute of Certified Public Accountants and holds a master degree in finance from the City University of Hong Kong. Mr. Lau gained extensive experience in auditing, accounting and financing across the PRC and Hong Kong. Prior to joining the Group, Mr. Lau has worked as the chief financial officer and company secretary in several listed companies in Hong Kong. He is currently also a director of Adex Mining Inc. (TSXV Stock code: ADE), a company listed on the TSX Venture Exchange in Canada and an independent non-executive director of Kingdom Holdings Limited (Stock Code: 528), a company listed on the Main Board of the Stock Exchange.

CORPORATE GOVERNANCE REPORT

The Board and the management of the Company are committed to a high standard of corporate governance. The Company considers such commitment is essential for the effective management, healthy corporate culture, successful business growth, balance of business risk and enhancement of shareholders' value. The Company's corporate governance practices are based on the principles and code provisions set forth in the CG Code.

The CG Code

As the Shares of the Company were only listed on the Stock Exchange on 11 October 2010, the CG Code was not applicable to the Company before the Listing. Since the Listing Date to the date of this annual report, save for the deviation from the Model Code as noted in the paragraph headed "Model Code" below the Company has been in compliance with the provisions of the CG Code.

The Board

The Board assumes responsibility for leadership and control of the Company; and is responsible and has general powers for management and conduct of the business of the Company. The Directors, individually and collectively, are committed to act in good faith in the best interests of the Company and its shareholders. To assist in the discharge of their duties, the Directors have free and direct access to both the Company's external auditors and procedures are in place to allow the Directors to obtain independent professional advice at the Company's expense. Besides, the Company has arranged for appropriate liability insurance to indemnify its Directors for their liabilities arising out of corporate management activities which is stated in the CG Code as one of the Recommended Best Practices.

Board composition

As at the date of this annual report, the Board is composed of three executive Directors and three independent non-executive Directors:

Executive Directors

Mr. YAN Kim Po (殷劍波) *(Chairman)*
Ms. LAM Kwan (林群) *(Chief Executive Officer)*
Mr. CAO Jiancheng (曹建成)

Independent non-executive Directors

Mr. CHEUNG Kwan Hung (張鈞鴻)
Mr. CHAN Chung Bun, Bunny (陳振彬)
Mr. WAI Kwok Hung (韋國洪)

The biographies of and the relationship between the Directors are set out under the "Board of Directors and Senior Management" section of this annual report.

Roles and responsibilities of the Board

The position of the Chairman and Chief Executive Officer are held by two different persons in order to maintain an effective segregation of duties and a balanced judgment of views.

Mr. Yan is the Chairman of the Company. The Chairman provides leadership and is responsible for effective functioning of the Board in accordance with good corporate governance practice. With the support of the senior management, the Chairman is also responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings, and that all key and appropriate issues are discussed by the Board in a timely manner.

Ms. Lam is the Chief Executive Officer of the Company. The Chief Executive Officer is responsible for managing the Group's business, including the development and implementation of major strategies and initiatives adopted by the Board with the support from other executive Directors and senior management, and within those authorities delegated by the Board.

The experience and views of our independent non-executive Directors are held in high regard and contribute to the effective direction of the Group.

Appointment and election of Directors

The appointment of a new Director must be approved by the Board. The Board has delegated to the Nomination Committee to identify and recommend individuals suitably qualified to become Board members when necessary. The Nomination Committee is also responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and to assess the independence of the independent non-executive Directors, having regard to the requirements under the Listing Rules.

Each of the executive Directors of the Company has entered into a service contract with the Company for a term of three years commencing from 13 September 2010. The Group has also entered into a letter of appointment with each of the independent non-executive Directors for a term of three years commencing on 13 September 2010. Each of the Directors is subject to retirement by rotation in accordance with the articles of association of the Company ("the Articles"). According to article 84, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

In accordance with the Articles, Mr. Yan and Ms. Lam will retire by rotation at the forthcoming annual general meeting of the Company and being eligible, offer themselves for re-election.

The Company's circular containing, among others, detailed information of the Directors standing for re-election at the forthcoming annual general meeting of the Company will be dispatched to the shareholders in due course.

Independent non-executive Directors

In compliance with Rule 3.10(1) of the Listing Rules, there are three independent non-executive Directors. Among the three independent non-executive Directors, one has appropriate professional qualification in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules. The Company has received from each of its independent non-executive Directors the written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company, based on such confirmation, considers Mr. Cheung Kwan Hung, Mr. Chan Chung Bun, Bunny and Mr. Wai Kwok Hung to be independent.

Induction and development of Directors

Every Board member receives a director's handbook upon joining the Group, which lays down the guidelines on conduct for the Board and Board committee members and other key governance issues, including but not limited to Board procedures and all applicable laws, rules and regulations that they are required to observe during their service in the Board.

A formal and tailored induction programme is arranged for each new Director, which includes a briefing on the Group's structure, businesses and governance practices by the senior management. To seek continuous improvement, the Directors are encouraged to attend relevant training sessions, particularly on corporate ethics and integrity matters, risk management, and relevant new laws and regulations, from time to time.

Board committees

The Board has established the following committees with defined terms of reference, which are on no less exacting terms than those set out in the CG Code:

- Audit Committee
- Nomination Committee
- Remuneration Committee

Each committee has authority to engage outside consultants or experts as it considers necessary to discharge the committee's responsibilities. The Board and each Director also have separate and independent access to the management whenever necessary. The company secretary of the Company is responsible to take and keep minutes of all Board meetings and committee meetings. Minutes of all committee meetings are circulated to all Board members. The Board committees' member list is set out in the section "Corporate Information" of this annual report.

Audit Committee

The Audit Committee is established to review the Group's financial and other reporting, internal control, external and internal audits and such other matters as the Board determines and as required by the Listing Rules as amended from time to time. The Audit Committee shall assist the Board in fulfilling its responsibilities by providing independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the internal control of the Group. To further reinforce independence and effectiveness, the Audit Committee consists of three independent non-executive Directors, namely Mr. Cheung Kwan Hung, Mr. Chan Chung Bun, Bunny and Mr. Wai Kwok Hung, of which Mr. Cheung Kwan Hung is also the chairman of the Audit Committee. Meetings of the Audit Committee shall be held not less than two times a year.

The Audit Committee met one time for the year ended 31 March 2011 to review with the management the financial results and reports (including continuing connected transactions), financial reporting (including cash flow forecast) and the Company's external auditors, the Group's significant internal control and financial matters as set out in the Audit Committee's written terms of reference and make relevant recommendations to the Board. The Company's annual results and continuing connected transactions for the year ended 31 March 2011 have been reviewed by the Audit Committee.

Nomination Committee

The Nomination Committee was established to recommend to the Board on the appointment of Directors, evaluate the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis, and assess the independence of the independent non-executive Directors and the management of board succession, having regards to the requirements under the Listing Rules. The Nomination Committee consists of an executive Director and two independent non-executive Directors, namely Mr. Yan, Mr. Chan Chung Bun, Bunny and Mr. Wai Kwok Hung, of which Mr. Yan is also the chairman of the Nomination Committee. Meetings of the Nomination Committee shall be held as and when required or as requested by the responsible Director or the Chairman.

The Nomination Committee did not hold any meeting for the year ended 31 March 2011.

Remuneration Committee

The Remuneration Committee's responsibilities as set out in its written terms of reference include making recommendations to the Board from time to time on the Company's remuneration policy and structure for all remuneration of the Directors and the senior management of the Company, and to ensure that the Directors and the senior management of the Company are fairly rewarded in light of their contribution to the Company and their performance and that they receive appropriate incentives to maintain high standards of performance and to improve their performance and the Company's performance. The Remuneration Committee consists of an executive Director and two independent non-executive Directors, namely Mr. Yan, Mr. Cheung Kwan Hung and Mr. Chan Chung Bun, Bunny , of which Mr. Yan is also the chairman of the Remuneration Committee. Meetings of the Remuneration Committee shall be held not less than once a year.

The Remuneration Committee did not hold any meeting for the year ended 31 March 2011.

Remuneration of Directors

The remuneration of the Directors is determined by the Remuneration Committee with reference to the duties, responsibilities, performance of the Directors and the results of the Group.

Board and committee meetings

The Board aims to meet in person or by means of electronic communication. With respect to regular meetings of the Board and the Board committees, Directors usually receive at least 14 days prior written notice of the meeting. Meeting agenda with relevant supporting documents are sent to all Directors before each Board meeting or committee meeting.

Senior management is invited to join all Board meetings to enhance the Board and management communication. External auditor of the Company will be invited to attend the forthcoming annual general meeting of the Company to answer any questions from the shareholders on the audit of the Company.

The individual attendance record of each Director at the meetings of the Board, and the Board committees during the year ended 31 March 2011 is set out below.

Name of Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting
Mr. YAN	3/3	—	—	—
Ms. LAM	3/3	—	—	—
Mr. CAO Jiancheng	3/3	—	—	—
Mr. CHEUNG Kwan Hung	3/3	1/1	—	—
Mr. CHAN Chung Bun, Bunny	3/3	1/1	—	—
Mr. WAI Kwok Hung	3/3	1/1	—	—

Auditors' remuneration

During the year ended 31 March 2011, the remuneration payable/paid to Deloitte Touche Tohmatsu, the external auditor of the Company, is set out as follows:

Services rendered	Year ended 31 March 2011 US$'000
— Audit services	120
— Non-audit services	429
	549

The Model Code

The Company has adopted the Model Code as its code of conduct regarding Directors' securities transactions.

The Directors have confirmed that, following specific enquiry by the Company, save for the inadvertent dealing in Shares by one of the Directors on the publication date of the Company's interim results announcement on 29 November 2010, they have complied with the required standards as set out in the Model Code since the Listing Date and up to the date of this annual report.

To ensure on-going compliance with the Model Code, the Company has adopted enhanced measures to ensure that the Directors are fully aware of the actual publication time of the Company's corporate communications and the periods during which dealings in Shares by them are prohibited.

Internal control

The Board has overall responsibility for maintaining a sound and effective internal control system of the Group and to review their effectiveness to safeguard shareholders' investment and the Group's assets, ensure proper maintenance of books and records for the provision of reliable financial information for internal use or publication, and to ensure compliance with relevant legislations and regulations. In addition, the Group has exercised risk management procedures to identify and prioritize risks for the business to be addressed by the management. It aims to provide reasonable but not absolute assurance against material misstatement, loss or fraud, and to manage and minimize rather than eliminate the risk of failure in the Group's operational systems.

During the year ended 31 March 2011, the Board has conducted a review of the effectiveness of the system of internal control of the Group and is satisfied with the scope and effectiveness of the system. The Board also reviewed on the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, its training programmes and budget for the year ended 31 March 2011.

Management function

The management team of the Company meets regularly to review and discuss with the executive Directors on day-to-day operational issues, financial and operating performance as well as to monitor and ensure that the management is carrying out the directions and strategies set by the Board properly.

Responsibilities in respect of the consolidated financial statements

The Board is responsible for presenting a balanced, clear and comprehensible assessment of the Group's annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements. To discharge this responsibility, the Board regularly reviews the reports prepared by the management on the Group's financial and operational performance as well as the development of major initiatives.

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2011.

The statement of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" on page 31.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Shareholders' rights and investor relations

The rights of shareholders are contained in the Articles. A resolution put to the vote of a general meeting of the Company shall be decided by way of a poll. Poll results are published on the websites of the Stock Exchange and the Company before the designated time on any business day following the meeting in accordance with the Listing Rules.

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. Any enquiries by shareholders requiring the Board's attention can be sent in writing to the company secretary at the Company's principal place of business in Hong Kong. Shareholders are also welcome to discuss matters of business substance with the Board and the management and to give us valuable advice on both operational and governance matters.

AUDIT COMMITTEE REPORT

For the year ended 31 March 2011, the Audit Committee's review covered the audit plans and findings of the external auditors and internal control consultant, external auditor's independence and performance, the Group's accounting principles and practices, Listing Rules and statutory compliance, connected transactions, internal control, risk management, treasury, financial reporting matters (including the interim and annual financial reports for the Board's approval) and the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function as well as their training programmes and budget.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed financial reporting matters including a review of the audited consolidated financial information for the year ended 31 March 2011. In carrying out this review, the Audit Committee has relied on the audit conducted by the Group's external auditor in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Based on this review and discussions with the management, the Audit Committee is satisfied that the consolidated financial statements have been prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the year ended 31 March 2011. The Audit Committee therefore recommended the consolidated financial statements for the year ended 31 March 2011 to be approved by the Board.

The Audit Committee has also reviewed the internal control to ensure compliance with relevant legislations and regulations. An internal audit review has been conducted by an independent internal control consultant which covered the Group's internal control, risk management, adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function as well as their training programmes and budget and the internal control consultant was satisfied with their adequacy and effectiveness.

The Audit Committee also reviewed the "Continuing Connected Transactions" as set out in the Directors' Report of this annual report and confirmed that the continuing connected transactions entered into by the Group were entered into in the ordinary and usual course of business of the Company and on normal commercial terms that were fair and reasonable and in the interests of the shareholders as a whole.

The Audit Committee was satisfied with the external auditor's work, its independence and objectivity, and therefore recommended the re-appointment of Deloitte Touche Tohmatsu (who has indicated its willingness to continue in office) as the Group's external auditor for the year ending 31 March 2012 for shareholders' approval at the forthcoming annual general meeting of the Company.

Members of the Audit Committee
Mr. CHEUNG Kwan Hung *(Chairman of Audit Committee)*
Mr. CHAN Chung Bun, Bunny
Mr. WAI Kwok Hung

Hong Kong, 28 June 2011

DIRECTORS' REPORT

The Directors are pleased to present this annual report together with the audited consolidated financial statements of the Company for the year ended 31 March 2011.

Principal activities

The principal activity of the Company is investment holding. The principal business of the Group is chartering out of the Group's own dry bulk vessels.

The principal activities and other particulars of the subsidiaries of the Company are set out in Note 28 to the consolidated financial statements.

Results and appropriations

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 33.

The Directors do not recommend payment of any final dividend to the shareholders for the year ended 31 March 2011 (2010: US$Nil).

Reserves

Movements in the reserves of the Group during the year are set out in consolidated statement of changes in equity on page 35 to the consolidated financial statements.

Distributable reserves

As at 31 March 2011, the Company has distributable reserves of US$100.2 million in total available for distribution.

Property, plant and equipment

On 25 October 2010, the Group entered into an agreement to acquire a secondhand Panamax size dry bulk vessel then under construction with carrying capacity of about 74,900 deadweight tonnage at a purchase price of US$46 million which was financed as to US$26 million by bank financing and the remaining balance by the net proceeds received by the Group from its initial public offering of the Shares completed in October 2010.

Details of the movements in property, plant and equipment of the Group are set out in Note 16 to the consolidated financial statements.

Share capital

The Shares of the Company were successfully listed on the Main Board of the Stock Exchange on 11 October 2010. Following the Listing, on 12 October 2010, the over-allotment option granted by the Company was exercised in full by Haitong International Securities Company Limited and 30,000,000 over-allotment Shares were issued and allotted by the Company. Details of the exercise of the over-allotment option are set out in the Company's announcement dated 12 October 2010.

Details of the movements in the share capital of the Company are set out in Note 23 to the consolidated financial statements.

Pre-emptive rights

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated.

Group financial summary

A summary of the Group's results and assets and liabilities for the past four financial years is set out on page 5 of this report.

Purchase, sale or redemption of listed securities

Neither the Company nor any of its subsidiaries had purchased, redeemed or cancelled any of the Company's listed securities from the Listing Date up to 31 March 2011.

Directors

The Directors of the Company during the year under review were:

Executive Directors

Mr. YAN Kim Po (殷劍波) *(Chairman)*	(appointed on 21 April 2010)
Ms. LAM Kwan (林群) *(Chief Executive Officer)*	(appointed on 21 April 2010)
Mr. CAO Jiancheng (曹建成)	(appointed on 11 June 2010)

Independent non-executive Directors

Mr. CHEUNG Kwan Hung (張鈞鴻)	(appointed on 13 September 2010)
Mr. CHAN Chung Bun, Bunny (陳振彬)	(appointed on 13 September 2010)
Mr. WAI Kwok Hung (韋國洪)	(appointed on 13 September 2010)

In accordance with the Articles, Mr. Yan and Ms. Lam will retire by rotation at the forthcoming annual general meeting of the Company and being eligible, offer themselves for re-election.

Biographical details of Directors and senior management

The biographical details of the Directors and the senior management of the Group are set out in the section headed "Board of Directors and Senior Management" of this annual report.

Directors' service contracts

Each of the executive Directors of the Company has entered into a service contract with the Company. No Director or senior management of the Company has entered into any service contract with the Company, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' interests in Shares and underlying Shares of the Company

As at 31 March 2011, the interests and short positions of the Directors and/or the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she was taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register required to be kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interest in Shares and underlying Shares of the Company:

Name of Director	Capacity/nature of interest	Number of shares held *(Note 1)*	Approximate percentage of interest (%)
Mr. Yan	Interest in a controlled corporation *(Note 2)*	601,367,500 (L)	72.45%
Ms. Lam	Interest in a controlled corporation *(Note 2)*	601,367,500 (L)	72.45%

Note(s):

(1) The letter "L" denotes the person's long position in the Shares and underlying Shares of the Company.

(2) These 601,367,500 Shares were held by Ablaze Rich, the entire issued share capital of which was owned as to 51% by Mr. Yan and as to 49% by Ms. Lam, who were also directors of Ablaze Rich. Each of Mr. Yan and Ms. Lam was deemed to be interested in the Shares held by Ablaze Rich by virtue of the SFO.

Interest in shares and underlying shares of an associated corporation:

Name of Director	Name of associated corporation	Capacity/nature of interest	Number of shares held *(Note)*	Approximate percentage of interest (%)
Mr. Yan	Ablaze Rich	Beneficial owner	10,200 (L)	51.00%
Ms. Lam	Ablaze Rich	Beneficial owner	9,800 (L)	49.00%

Note: The letter "L" denotes the person's long position in the shares and underlying shares of an associated corporation.

Save as disclosed above, as at 31 March 2011, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or are required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Substantial shareholders' interests in Shares and underlying Shares of the Company

As at 31 March 2011, the following persons (other than a Director or chief executive of the Company) were interested in 5% or more of the issued share capital of the Company which were recorded in the register of members required to be kept by the Company pursuant to section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules on the Stock Exchange:

Name of shareholder	Capacity/nature of interest	Number of shares held *(Note)*	Approximate percentage of interest (%)
Ablaze Rich	Beneficial owner	601,367,500 (L)	72.45%

Note: The letter "L" denotes the person's long position in the Shares of the Company or the relevant Group member.

Save as disclosed above, as at 31 March 2011, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Continuing connected transactions

Certain related party transactions as disclosed in note 26 to the consolidated financial statements also constituted continuing connected transactions within the meaning of the Listing Rules. Details of such transactions have been disclosed in accordance with Chapter 14A of the Listing Rules and summarised below:

	2011 US$'000	2010 US$'000
Rental expenses paid to a related company *(Note 1)*	**216**	—
Voyage charter income received from a related company *(Note 2)*	**567**	—
	783	—

(1) Prior to the Listing Date, the Group entered into a lease agreement dated 10 June 2010 (the "**Lease Agreement**") with Toprich (Asia) Limited (the "**Lessor**"), which is ultimately wholly-owned by Mr. Yan and Ms. Lam, for the leasing of a property located at 12th Floor, No. 200 Gloucester Road, Wanchai, Hong Kong (the "**Property**") with an exclusive office floor area of about 2,260 square feet and the right to use the common area and ancillary facilities. The term of the Lease Agreement commenced on 10 June 2010 and shall continue until 31 March 2013. The Property has been occupied by the Group as its office.

Pursuant to the Lease Agreement, the Group (but not the Lessor) has the unilateral right: (i) to renew the Lease Agreement for a further term of three years by giving not less than two months prior written notice to the Lessor before the expiration of the initial term of the Lease Agreement; and (ii) to terminate the Lease Agreement at any time after the expiration of the initial term and at any time during the renewed terms by giving not less than two months' prior written notice or paying two months' rental in lieu of such notice to the Lessor to terminate the Lease Agreement on the expiration of such notice or upon making such payment in lieu of notice.

As the Lessor is an associate of Mr. Yan and Ms. Lam, who are substantial shareholders and executive Directors, the Lessor is therefore a connected person of the Company under the Listing Rules. The leasing of the Property by the Group pursuant to the Lease Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For the period from 10 June 2010 to 31 March 2011, the total consideration paid by the Group to the Lessor under the Lease Agreement amounted to HK$1,685,530, which did not exceed the annual cap of HK$1,690,000 for this period.

As each of the applicable percentage ratios (other than the profits ratio) in respect of the transactions contemplated under the Lease Agreement (on an annualized basis) is less than 5% for the period from 10 June 2010 to 31 March 2011, the leasing of the Property under the Lease Agreement constitutes a continuing connected transaction for the Company that is only subject to the announcement and reporting requirements under Rules 14A.45 to 14A.47 of the Listing Rules and the annual review requirements under Rules 14A.37 to 14A.40 of the Listing Rules and are exempt from the independent shareholders' approval requirements pursuant to Rule 14A.48 of the Listing Rules.

Further details of the Lease Agreement are set out in the section headed "Connected Transaction" of the prospectus of the Company dated 27 September 2010.

(2) The voyage charter income charged by the Group under a voyage charter signed with charterers who are ultimately wholly-owned by Mr. Yan and Ms. Lam amounted to US$567,000. On 25 February 2011, the Group entered into chartering agreements (the "**Chartering Agreements**") with each of Great Harvest (Holdings) Limited and Top Gains Minerals Macao Commercial Offshore Limited as charterers (the "**Charterers**"), both of which are wholly-owned by Mr. Yan and Ms. Lam, pursuant to which the Group has agreed to charter out its capesize dry bulk vessel, GH RESOURCES, to the Charterers on voyage charter basis for a single voyage for the delivery of iron ore fines in bulk from India to China. The Charterers shall pay the freight in full to the Group within 7 banking days after completion of the loading at the loading port. Demurrage, at the rate of US$12,000 per day or pro rata for any part of a day, at the loading or discharge port shall be payable by the Charterers.

Since each of the Charterers is an associate of Mr. Yan and Ms. Lam, who are substantial shareholders and executive Directors of the Company, each of the Charterers is therefore a connected person of the Company under the Listing Rules. The chartering of GH RESOURCES by the Charterers pursuant to the Chartering Agreements constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As at 31 March 2011, the total consideration payable by the Charterers to the Group under each of the Chartering Agreements on an aggregated basis amounted to about US$0.6 million, which did not exceed the aggregate annual cap of US$1.5 million for the year ending 31 December 2011.

As each of the applicable percentage ratios (other than the profits ratio) in respect of the transactions contemplated under each of the Chartering Agreements (on an annualized, aggregated basis) is expected to be less than 5% for the year ending 31 December 2011, the chartering of GH RESOURCES by the Charterers under the Chartering Agreements constitutes continuing connected transactions for the Company that is only subject to the announcement and reporting requirements under Rules 14A.45 to 14A.47 of the Listing Rules and the annual review requirements under Rules 14A.37 to 14A.40 of the Listing Rules and is exempt from the independent shareholders' approval requirements pursuant to Rule 14A.48 of the Listing Rules.

Further details of the Chartering Agreements are set out in the Company's announcement dated 25 February 2011.

Save as disclosed above, no contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted since the Listing Date and up to 31 March 2011.

The aforesaid continuing connected transactions have been reviewed by independent non-executive Directors of the Company. The independent non-executive Directors confirmed that the aforesaid continuing connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in page 27 of this annual report in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to Stock Exchange.

Use of proceeds

The net proceeds (after deduction of related issuance costs) from the Company's initial public offering amounted to approximately HK$189,700,000, equivalent to US$24,300,000. The net proceeds were partially applied up to 31 March 2011 with the proposed applications set out in the Prospectus, as follows:

— Approximately US$20,000,000 was used for acquiring a newly built second-hand Panamax dry bulk vessel; and

— The balance was used for working capital and other general corporate purposes.

Public float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, there is sufficient public float of more than 25% of the Company's issued Shares as required under the Listing Rules.

Major customers and suppliers

For the year ended 31 March 2011, the Group's five largest customers together accounted for about 77% of its total revenue and the largest customer accounted for about 21%. The relatively high concentration of revenue attributable to a few customers during the year was due to the relatively small fleet size of the Group and that one of the vessels was chartered to a customer for charter terms of over one year.

For the year ended 31 March 2011, the Group's five largest suppliers together accounted for about 88% of its costs of services, and the largest supplier accounted for about 46%. The Group's key suppliers include insurance underwriters, ship managers, shipbrokers, bunker fuel providers and shipyards.

Save as disclosed in the paragraph headed "Continuing connected transactions" on page 27, none of the Directors or their respective associates, and, to the best knowledge of the Directors, none of the existing shareholders who owns more than 5% of the issued share capital of the Company, had any interest in any of the five largest customers or suppliers of the Group during the year.

Corporate governance

The Company's principal corporate governance practices are set out in the Corporate Governance Report and Audit Committee Report of this annual report.

Auditor

The consolidated financial statements of the Company for the year ended 31 March 2011 have been audited by Deloitte Touche Tohmatsu whose current term of appointment will expire at the forthcoming annual general meeting of the Company. Deloitte Touche Tohmatsu, being eligible, offers itself for re-appointment at the forthcoming annual general meeting of the Company. A resolution to re-appoint Deloitte Touche Tohmatsu and to authorise the Directors to fix its remuneration will be proposed at the annual general meeting.

On behalf of the Board

YAN KIM PO
Chairman

Hong Kong, 28 June 2011

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF
GREAT HARVEST MAETA GROUP HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Great Harvest Maeta Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 33 to 72, which comprise the consolidated statement of financial position as at 31 March 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 June 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	NOTES	**2011 US$'000**	2010 US$'000
Revenue	7	**30,555**	41,782
Cost of services		**(21,251)**	(21,159)
Gross profit		**9,304**	20,623
Other income	9	**381**	543
General and administrative expenses		**(2,530)**	(269)
Listing expenses		**(1,863)**	—
Other losses		**(4)**	(177)
Finance costs	10	**(1,157)**	(1,361)
Profit before tax		**4,131**	19,359
Taxation	11	**—**	—
Profit for the year and total comprehensive income attributable to owners of the Company	12	**4,131**	19,359
Earnings per share			
Basic (US cents)	15	**0.57**	3.02

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	NOTES	2011 US$'000	2010 US$'000
Non-current assets			
Property, plant and equipment	16	**159,534**	125,372
Finance lease receivable	17	**1,521**	1,373
Restricted bank deposits	18	**4,000**	3,000
		165,055	129,745
Current assets			
Trade receivables and prepayment	19	**3,292**	855
Pledged bank deposits	18	**3,598**	5,695
Bank balances and cash	18	**5,804**	461
		12,694	7,011
Current liabilities			
Other payables and accruals	20	**3,437**	3,954
Amounts due to directors	21	**—**	13,636
Bank loans — due within one year	22	**10,456**	12,215
		13,893	29,805
Net current liabilities		**(1,199)**	(22,794)
Total assets less current liabilities		**163,856**	106,951
Non-current liabilities			
Bank loans — due after one year	22	**47,208**	34,260
		116,648	72,691
Capital and reserves			
Share capital	23	**1,064**	40
Reserves		**115,584**	72,651
Equity attributable to owners of the Company		**116,648**	72,691

The consolidated financial statements on pages 33 to 72 were approved and authorised for issue by the Board of Directors on 28 June 2011 and are signed on its behalf by:

DIRECTOR *DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	Share capital US$'000	Share premium US$'000	Special reserve US$'000	Other reserve US$'000 (Note)	Retained profits US$'000	Total US$'000
At 1 April 2009	40	—	—	—	53,292	53,332
Profit for the year and total comprehensive income	—	—	—	—	19,359	19,359
At 31 March 2010	40	—	—	—	72,651	72,691
Profit for the year and total comprehensive income	—	—	—	—	4,131	4,131
Issue of new shares	6	—	—	—	—	6
Special reserve arising from exchange of shares upon group reorganisation	(46)	—	46	—	—	—
Capitalisation of the amounts due to directors	—	—	—	13,636	—	13,636
Capitalisation issue	821	(821)	—	—	—	—
Issue of shares pursuant to the public offer and the placing	243	27,282	—	—	—	27,525
Expenses incurred in connection with issue of shares	—	(1,341)	—	—	—	(1,341)
At 31 March 2011	1,064	25,120	46	13,636	76,782	116,648

Note: Other reserve represents capitalisation of amounts due to directors, who are the ultimate controlling shareholders of the Company.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	2011 US$'000	2010 US$'000
Operating activities		
Profit before tax	**4,131**	19,359
Adjustments for:		
Finance costs	**1,157**	1,361
Interest income	**(3)**	(1)
Finance income	**(148)**	(475)
Depreciation of property, plant and equipment	**11,838**	11,015
Trade receivables written off	**4**	177
Operating cash flows before movements in working capital	**16,979**	31,436
Increase in trade receivables and prepayment	**(2,441)**	(120)
(Decrease)/increase in other payables and accruals	**(568)**	1,340
Cash generated from operations	**13,970**	32,656
Interest received	**3**	476
Net cash from operating activities	**13,973**	33,132
Investing activities		
Repayment from finance lease receivables	**—**	3,525
Placement of restricted bank deposits	**(1,000)**	—
Withdrawal of pledged bank deposits	**2,097**	2,760
Purchase of property, plant and equipment	**(46,000)**	(2,392)
Net cash (used in)/from investing activities	**(44,903)**	3,893
Financing activities		
Interest paid	**(1,467)**	(1,528)
Repayment to directors	**—**	(10,976)
New bank loan raised	**26,000**	—
Repayment of bank loans	**(14,450)**	(24,300)
Issue of shares, net of expenses	**26,190**	—
Net cash from/(used in) financing activities	**36,273**	(36,804)
Net increase in cash and cash equivalents	**5,343**	221
Cash and cash equivalents at beginning of the year	**461**	240
Cash and cash equivalents at end of the year, represented by bank balances and cash	**5,804**	461

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

1. General information

The Company was incorporated as an exempted company in the Cayman Islands with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 21 April 2010. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 11 October 2010. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is 12th Floor, 200 Gloucester Road, Wanchai, Hong Kong.

Pursuant to the corporate reorganisation (the "Corporate Reorganisation") to rationalise the Group's structure in preparation for the listing of the Company's shares on the Stock Exchange, 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 his wife, Ms. Lam Kwan ("Ms Lam"), acquired the entire interest in Bryance Group Limited ("Bryance Group"), Great Ocean Shipping Co., Ltd. ("Great Ocean"), Greater Shipping Co., Ltd ("Greater Shipping"), Joy Ocean Shipping Limited ("Joy Ocean") and Union Apex Mega Shipping Limited ("Union Apex") (collectively referred to as the "Subsidiaries"), which were directly or indirectly held by Mr. Yan and Ms. Lam, by shares swap on 13 September 2010. Pursuant to the above Corporate Reorganisation, the Company was incorporated and interspersed between Ablaze Rich and the Subsidiaries, and became the holding company of the companies now comprising the Group on the same date. Details of the Corporate Reorganisation are set out in the section headed "Reorganisation" in Appendix V to the prospectus of the Company dated 27 September 2010.

The Corporate Reorganisation completed on 13 September 2010 was regarded as a reorganisation of companies under common control. Accordingly, the Group resulting from the Corporate Reorganisation including the Company and its subsidiaries is regarded as a continuing entity. The consolidated financial statements are prepared using merger accounting based on the guidance in Accounting Guideline 5 "Merger accounting for common control combinations" as if the Corporate Reorganisation had occurred from the date when the combining entities first came under the control of the ultimate controlling party.

The consolidated financial statements are presented in United States dollars, which is also the functional currency of the Company.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 28.

2. Application of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendments)	Classification to Rights Issues
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners
HK — Int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

HKFRS 3 (Revised) "Business Combinations"

The Group applies HKFRS 3 (Revised) "Business Combinations" prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (Revised) "Consolidated and Separate Financial Statements" in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 April 2010.

As there was no transaction during the current year in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The adoption of the other new and revised HKFRSs had no material effect on the amounts reported in these consolidated financial statements and disclosures set out in these consolidated financial statements.

2. Application of new and revised Hong Kong Financial Reporting Standards (continued)

The Group has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 12 (Amendments)	Deferred tax: Recovery of Underlying Assets[2]
HKAS 24 (as revised in 2009)	Related Party Disclosures[3]
HKAS 27 (as revised in 2011)	Separate Financial Statements[5]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[5]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[4]
HKFRS 9	Financial Instruments[5]
HKFRS 10	Consolidated Financial Statements[5]
HKFRS 11	Joint Arrangements[5]
HKFRS 12	Disclosure of Interests in Other Entities[5]
HKFRS 13	Fair value measurement[5]
HK(IFRIC) — Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 January 2012.
3 Effective for annual periods beginning on or after 1 January 2011.
4 Effective for annual periods beginning on or after 1 July 2011.
5 Effective for annual periods beginning on or after 1 January 2013.
6 Effective for annual periods beginning on or after 1 July 2010.

The directors anticipate that the application of the new and revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

3. Significant accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, as explained in the accounting policies set out below.

Basis of consolidation

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

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

All significant intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

3. Significant accounting policies (continued)

Merger accounting

The consolidated financial statements incorporate the financial statements items of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of 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 consolidated statement of comprehensive income includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Revenue recognition

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

Time charter income is recognised on a straight-line basis over the period of each charter.

Voyage charter income is recognised on a percentage-of-completion basis, which is determined on the time proportion method of each individual voyage.

Service income is recognised when services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

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

3. Significant accounting policies (continued)

Property, plant and equipment (continued)

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

Depreciation is charged so as to write off the cost 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 each 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.

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 disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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 recorded 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.

3. Significant accounting policies (continued)

Leasing (continued)

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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 translation 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.

3. Significant accounting policies (continued)

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the 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 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 of financial assets below).

Impairment of 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 affected.

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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 average 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 or 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 instruments

Financial liabilities and equity instruments issued by the 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.

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

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 through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

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

Financial liabilities

Financial liabilities (including other payables, amounts due to 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 in its entirety, 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, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement 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.

3. Significant accounting policies (continued)

Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements 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 generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those 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 received 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.

4. Critical accounting judgments and key sources of estimation uncertainty (continued)

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 before 31 March 2009; (iii) US$31,440,000 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$31,440,000 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 assessed the impairment loss by comparing the carrying amount of the vessels to the higher of (i) the fair value less costs to sale and (ii) 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. At 31 March 2011, the carrying amount of the Group's property, plant and equipment was US$159,534,000 (2010: US$125,372,000).

4. Critical accounting judgments and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

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. At 31 March 2011, the carrying amount of trade receivable was US$830,000 (2010: US$203,000).

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. At 31 March 2011, the carrying amount of finance lease receivable was US$1,521,000 (2010: US$1,373,000).

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 secured bank loans as disclosed in note 22, and equity attributable to owners of the Company, comprising share capital, reserves and retained profits.

The management of the Group reviews the capital structure periodically. The Group considers the cost of capital and risks associated with each class of 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

	2011	2010
	US$'000	US$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**14,232**	9,402
Financial liabilities		
Amortised cost	**58,270**	61,028

b. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, restricted bank deposits, pledged bank deposits, bank balances and cash, other payables, amounts due to directors and bank loans. During the year, amounts due to directors were capitalised and included as other reserve of the Group. 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 year.

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 22). The Group is also exposed to fair value interest rate risk in relation to its finance lease receivable (note 17). 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 management considers the exposure to interest rate risk in relation to bank balances is insignificant due to the low level of bank interest rate.

6. Financial instruments (continued)

b. Financial risk management objectives and policies (continued)

Interest rate risk (continued)

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments relating to variable-rate bank loans at end of the reporting period. 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 (2010: 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 year would decrease/increase by US$585,000 (2010: US$469,000).

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

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade receivables. The management reviews the recoverable amount of each individual trade receivable regularly, if any, to ensure that adequate impairment losses 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 bank balances 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, with exposure spread over a number of counterparties and customers.

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$1,199,000 as at 31 March 2011. 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 prepared a cashflow projection in the coming twelve months and 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 consolidated financial statements.

6. Financial instruments (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table details the Group's contractual maturity for its financial liabilities. The table has been draw 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 floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

	Weighted average interest rate %	6 months or less US$'000	6–12 months US$'000	1–2 years US$'000	2–5 years US$'000	Over 5 years US$'000	Total undiscounted cash flows US$'000	Carrying amounts US$'000
At 31 March 2011								
Other payables and accruals	—	**606**	**—**	**—**	**—**	**—**	**606**	**606**
Secured bank loans	2.20	**4,199**	**7,634**	**6,621**	**16,281**	**29,201**	**63,936**	**57,664**
		4,805	**7,634**	**6,621**	**16,281**	**29,201**	**64,542**	**58,270**

	Weighted average interest rate %	6 months or less US$'000	6–12 months US$'000	1–2 years US$'000	2–5 years US$'000	Over 5 years US$'000	Total undiscounted cash flows US$'000	Carrying amounts 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

The amounts included above for variable interest rate instruments for financial liabilities is subject to change if changes in variable interest rate differ to those estimates of interest rates determined at the end of the reporting period.

6. Financial instruments (continued)

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.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate their fair values.

7. Revenue

Revenue represents the net amounts received and receivable for services rendered by the Group to outside customers and less discounts.

	2011 **US$'000**	2010 US$'000
Time charter income	**24,492**	34,819
Voyage charter income	**567**	—
Service income	**5,496**	6,963
	30,555	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 (i.e. executive directors) in order to allocate resources to segments and to assess their performance. The information reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of performance is prepared based on the overall operation of vessels on a combined basis, hence the Group has only one operating segment.

8. Segment information (continued)

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 consolidated revenue and results.

For the year ended 31 March 2011

	Operating segment US$'000	Reconciliation US$'000 (Note)	Consolidated US$'000
Revenue			
Time charter income	**24,492**	**—**	**24,492**
Voyage charter income	**567**	**—**	**567**
Service income	**5,496**	**—**	**5,496**
Total	**30,555**	**—**	**30,555**
Gross profit	**9,304**	**—**	**9,304**
Other income	**381**	**—**	**381**
General and administrative expenses	**(2,530)**	**—**	**(2,530)**
Listing expenses	**(1,863)**	**—**	**(1,863)**
Other losses	**(4)**	**—**	**(4)**
Finance costs	**(1,157)**	**—**	**(1,157)**
Segment results/profit before tax	**4,131**	**—**	**4,131**

8. Segment information (continued)

For the year ended 31 March 2010

	Operating segment US$'000	Reconciliation US$'000 (Note)	Consolidated 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: No reconciliation is presented in the current year as the internal report is prepared in accordance with the requirements of HKFRSs. The reconciliation adjustment in prior year reflected a lease classification from an operating lease to a finance lease with derecognition of the vessel and recognition of the finance lease receivable.

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.

8. Segment information (continued)

Information about customers

Revenue arising from the provision of time chartering services from customers during the corresponding years individually contributing over 10% of total revenue of the Group is as follows:

	2011 **US$'000**	2010 US$'000
Customer A	**6,506**	4,778
Customer B	**5,485**	6,963
Customer C *(Note 1)*	**5,460**	—
Customer D *(Note 1)*	**4,933**	—
Customer E *(Note 2)*	**—**	9,149
Customer F *(Note 3)*	**—**	13,213
Customer G *(Note 3)*	**—**	4,504
	22,384	38,607

Notes:

1. No revenue was generated from customers C and D for the year ended 31 March 2010.

2. The revenue generated from customer E for the year ended 31 March 2011 is less than 10% of the total revenue of the Group.

3. No revenue is generated from customers F and G for the year ended 31 March 2011.

9. Other income

	2011 **US$'000**	2010 US$'000
Interest income from bank deposits	**3**	1
Claim received	**—**	3
Exchange gain	**121**	—
Finance income	**148**	475
Others	**109**	64
	381	543

For the year ended 31 March 2011

10. Finance costs

	2011 US$'000	2010 US$'000
Interest on bank loans		
— wholly repayable within five years	**141**	303
— not wholly repayable within five years	**908**	973
Loan arrangement fee	**108**	85
	1,157	1,361

11. Taxation

No provision for Hong Kong Profits Tax has been made for the Group's overseas subsidiaries as the income neither arises in, nor is derived from, Hong Kong for the current and prior years.

No provision for Hong Kong Profit Tax has been made for the Group's subsidiary incorporated in Hong Kong as the subsidiary has no assessable profit for both years.

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:

	2011 US$'000	2010 US$'000
Profit before tax	**4,131**	19,359
Tax charge at income tax rate of 16.5% (2010: 16.5%)	**682**	3,194
Tax effect of offshore income not taxable for tax purpose	**(5,085)**	(6,972)
Tax effect of income not taxable for tax purpose	**—**	(12)
Tax effect of expenses not deductible for tax purpose	**3,831**	3,790
Tax loss not recognised	**572**	—
Tax for the year	**—**	—

At the end of the reporting period, the Group has unused tax losses of US$3,467,000 (2010: nil) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

12. Profit for the year

	2011 US$'000	2010 US$'000
Profit for the year has been arrived at after charging:		
Auditor's remuneration	**146**	120
Bad debt written off	**4**	177
Crew expenses	**2,990**	3,130
Depreciation of property, plant and equipment	**11,838**	11,015
Operating lease rental in respect of rented premises	**216**	—
Staff costs (including directors' emoluments)		
Fee, salaries and other benefit costs	**1,146**	—
Contributions to retirement benefit plans	**13**	—
	1,159	—

The Group did not have any administrative staff during the year ended 31 March 2010 as the administrative works were handled by a related company for which the Group paid the agency fee for the services rendered. 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. Directors' and employees' emoluments

(a) Directors' emoluments

The emoluments paid or payable to each of the six directors were as follows:

For the year ended 31 March 2011

	Fees US$'000	Salaries and other benefits US$'000	Performance related bonuses US$'000 (Note)	Retirement benefits scheme contributions US$'000	Total US$'000
Executive directors					
Mr. Yan Kim Po	—	154	64	1	219
Ms. Lam Kwan	—	128	64	1	193
Mr. Cao Jiancheng	—	123	73	1	197
Independent non-executive directors					
Mr. Cheung Kwan Hung	11	—	—	—	11
Mr. Chan Chung Bun, Bunny	11	—	—	—	11
Mr. Wai Kwok Hung	7	—	—	—	7
	29	405	201	3	638

Note: The performance related bonus is determined primarily based on the performance of each director and the profitability of the Group.

No emoluments have been paid to the directors of the Company for the year ended 31 March 2010. No directors of the Company waived or agreed to waive any emoluments during the years ended 31 March 2011 and 2010.

13. Directors' and employees' emoluments (continued)

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2010: nil) were executive directors of the Company whose emoluments are included in the disclosures in note (a) above. The remuneration of the remaining two (2010: five) individuals were as follows:

	2011 US$'000	2010 US$'000
Salaries and allowance	**176**	218
Discretionary performance bonus	**71**	—
Retirement benefit scheme contributions	**2**	—
	249	218

Their emoluments were within the following bands:

	2011 No. of employees	2010 No. of employees
HK$nil to HK$1,000,000 (equivalent to US$nil to US$128,205)	**1**	5
HK$1,000,001 to HK$1,500,000 (equivalent to US$128,206 to US$192,308)	**1**	—

During the year, no emoluments were paid to any of the directors or the five highest paid or upon joining the Group or as compensation for loss of office.

14. Dividend

The directors do not recommend payment of final dividend for the year ended 31 March 2011.

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15. Earnings per share

The calculation of the basic earnings per share attributable to the owners of the Company for the year is based on the following data:

	2011 **US$'000**	2010 US$'000
Earnings		
Profit for the year attributable to owners of the Company	**4,131**	19,359

	2011	2010
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**729,452,055**	640,000,000

The weighted average number of ordinary shares for the purpose of basic earnings per share has been determined on the basis that the ordinary shares of the Company issued upon the Corporate Reorganisation have been in issue on 1 April 2009 and the capitalisation issue of 639,999,500 ordinary shares completed on 13 September 2010 have been adjusted retrospectively.

No diluted earnings per share has been presented for both years as the Company has no potential ordinary shares outstanding at the end of the reporting period.

16. Property, plant and equipment

	Vessels US$'000
Cost	
At 1 April 2009	156,556
Additions	2,392
At 31 March 2010	158,948
Additions	46,000
At 31 March 2011	204,948
Accumulated depreciation	
At 1 April 2009	22,561
Provided for the year	11,015
At 31 March 2010	33,576
Provided for the year	11,838
At 31 March 2011	45,414
Carrying values	
At 31 March 2011	159,534
At 31 March 2010	125,372

The Group's vessels have been mortgaged as security for credit facilities as detailed in note 22.

17. Finance lease receivables

	2011 **US$'000**	2010 US$'000
Analysed as:		
Current	**—**	—
Non-current	**1,521**	1,373
	1,521	1,373

17. Finance lease receivables (continued)

	Minimum lease payments		Present value of minimum lease payments	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Within one year	**—**	—	**—**	—
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	**1,521**	1,373
	2,000	2,000	**1,521**	1,373
Less: unearned future finance lease income	**(479)**	(627)	**N/A**	N/A
Present value of minimum lease payments receivable	**1,521**	1,373	**1,521**	1,373

As described in note 4, the Group entered into a 5-year finance lease contract for leasing of a vessel. 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 2011 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.

The consideration of US$31,440,000 to be recognised as service income over a period of 60 months on a time charter basis as mentioned in note 4 is payable by the charterer for a period of 60 months commencing from December 2008 until the later of (i) 4 calendar months after the delivery of vessel to lessee and (ii) the receipt of the second upfront payment of US$4,000,000, at a daily rate of US$19,300; and then at the daily rate of US$18,630 for the rest of the period.

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 bank deposits, pledged bank deposits and bank balances carry interest at prevailing market deposit rates which range from 0.001% to 0.35% per annum (2010: 0.001%).

19. Trade receivables and prepayment

	2011 **US$'000**	2010 US$'000
Trade receivables	**830**	203
Prepayment and deposits	**2,462**	652
	3,292	855

An analysis of trade receivables presented based on the invoice date at the end of the reporting period is as follows:

	2011 **US$'000**	2010 US$'000
Trade receivables		
0–30 days	**571**	1
31–365 days	**218**	173
Over 365 days	**41**	29
	830	203

Time charter income is prepaid in advance by the charterers. The credit period granted by the Group to the customers of voyage charter is within 7 days after completion of loading, signing and/or releasing bill of lading. Included in the Group's trade receivable balances are trade amount due from a related company (aged 0–30 days) of US$567,000, in which Mr. Yan and Ms. Lam, directors of the Company, have a beneficial interest.

19. Trade receivables and prepayment (continued)

Trade receivables disclosed below 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.

	2011 US$'000	2010 US$'000
0–30 days	**60**	1
31–365 days	**218**	173
Over 365 days	**41**	29
	319	203

The Group has not provided for the trade receivables which are past due but not impaired because the directors of the Company consider that those receivables are recoverable based on the good settlement track record of the customers. No interest is charged on the trade receivables.

Movement in the allowance for doubtful debts is as follows:

	2011 US$'000	2010 US$'000
Balance at beginning of the year	**—**	—
Impairment losses recognised on trade receivables	**4**	177
Amounts written off as uncollectible	**(4)**	(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$4,000 (2010: US$177,000) which have either been placed under liquidation or default on principal payment for a long time.

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

20. Other payables and accruals

	2011 US$'000	2010 US$'000
Other payables and accruals	**606**	917
Receipts in advance from charterers	**2,831**	3,037
	3,437	3,954

21. Amounts due to directors

	2011 US$'000	2010 US$'000
Mr. Yan	—	8,632
Ms. Lam	—	5,004
	—	13,636

The amounts were unsecured, interest-free and repayable on demand.

During the year, the amounts due to directors, who are the ultimate controlling shareholders of the Company, were capitalised and included as other reserve of the Group.

For the year ended 31 March 2011

22. Bank loans

	2011 US$'000	2010 US$'000
Bank loans	**58,450**	46,900
Loan arrangement fee	**(786)**	(425)
	57,664	46,475
Bank loans are repayable as follows:		
Within one year	**10,456**	12,215
More than one year, but not exceeding two years	**5,485**	7,923
More than two years, but not exceeding five years	**13,556**	6,857
Over five years	**28,167**	19,480
	57,664	46,475
Less: Amounts due within one year shown under current liabilities	**(10,456)**	(12,215)
Amounts due after one year	**47,208**	34,260
Weighted average effective interest rate	**2.20%**	1.72%

The Group's bank loans are denominated in United States dollars and carrying at variable rates.

22. Bank loans (continued)

(a) In relation to the bank loan of US$39,000,000 granted on 3 January 2008 for financing the purchase of a vessel, the loan carries interest at the rate of 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) Corporate guarantee from the Company;

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

(iii) Charge over the shares of Bryance Group; and

(iv) Assignment of charter-hire income and insurance in respect of the vessel named "GH POWER".

(b) In relation to the bank loan of US$65,000,000 granted on 3 January 2008 for financing the purchase of two vessels, the loan carries interest at cost of funds plus 1.275% and 1.35% per annum and 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 loan is secured by the following:

(i) Corporate guarantee from the Company;

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

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

(iv) Assignment of charter-hire income and insurance in respect of the vessels named "GH FORTUNE" and "GH RESOURCES".

(c) In relation to the bank loan of US$26,000,000 granted on 19 November 2010 for the financing the purchase of a vessel, the loan carries interest at the rate of LIBOR plus 3.20% per annum and is repayable by 28 consecutive quarterly instalments commencing from 24 February 2011 followed by a final payment of US$7,800,000 on 24 November 2017. The loan is secured by the following:

(i) Corporate guarantee from the Company;

(ii) First preferred mortgage over the vessel held by Way Ocean Shipping Limited ("Way Ocean"), named "GH GLORY";

(iii) Charge over the shares of Way Ocean; and

(iv) Assignment of charter-hire income and insurance in respect of the vessel named "GH GLORY".

22. Bank loans (continued)

The bank loans set out in (a) and (b) above were originally secured by the personal guarantee from Mr. Yan and Ms. Lam. The Group had executed the relevant agreements with the banks to the effect that the personal guarantees from Mr. Yan and Ms. Lam and the corporate guarantee from Greater Shipping were released upon the listing of the Company's shares on the Stock Exchange and the bank loans were substituted by corporate guarantee from the Company in favour of these banks.

23. Share capital

	Notes	Number of ordinary shares at HK$0.01 per share	Amount HK$
Authorised:			
At 21 April 2010 (date of incorporation)	a	38,000,000	380,000
Increase in authorised share capital	b	962,000,000	9,620,000
At 31 March 2011		1,000,000,000	10,000,000
Issued:			
Allotted and issued on 21 April 2010	a	1	—
Issue of shares upon completion of Corporate Reorganisation on 13 September 2010	b	499	5
Capitalisation issue	c	639,999,500	6,399,995
Issue of shares upon the public offer and the placing	d	190,000,000	1,900,000
At 31 March 2011		830,000,000	8,300,000
			US$'000
Shown in the consolidated financial statements			1,064

Notes:

a. The Company was incorporated on 21 April 2010 with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. On the same date, one subscriber share was issued.

b. On 13 September 2010, the authorised share capital of HK$380,000 was increased by HK$9,620,000 divided into 962,000,000 ordinary shares, of which 499 ordinary shares were allotted and issued on the same date. These new shares rank pari passu in all respects with the existing shares.

23. Share capital (continued)

c. The directors of the Company were authorised to capitalise the amount of HK$6,399,995 (equivalent to US$821,000) standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 639,999,500 ordinary shares of HK$0.01 each of the Company for allotment and issue to the shareholder of the Company on the register of members of the Company on 13 September 2010. On 8 October 2010, the directors of the Company allotted and issued such shares as aforesaid and gave effect on the capitalisation issue.

d. On 8 October 2010, 160,000,000 ordinary shares of HK$0.01 each were issued pursuant to the Company's initial public offering at a price of HK$1.13 per share. On 11 October 2010, the shares of the Company were listed on the Stock Exchange. On 12 October 2010, a further 30,000,000 ordinary shares of HK$0.01 each were issued at HK$1.13 per share pursuant to the exercise of an over-allotment option.

The share capital at 31 March 2010 as shown in the consolidated statement of financial position represented the aggregate issued share capital of the companies now comprising the Group.

24. Pledge of assets

At the end of the reporting period, the Group had pledged the following assets to banks as securities against banking facilities granted to the Group:

	2011 **US$'000**	2010 US$'000
Property, plant and equipment	**159,534**	125,372
Pledged bank deposits	**3,598**	5,695
	163,132	131,067

25. 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 of the Group are as follows:

	2011 **US$'000**	2010 US$'000
Within one year	**2,833**	3,603

Leases are negotiated for terms which range from one month to six months. Time charter income is fixed over the respective leases.

25. Lease arrangement (continued)

The Group as lessee

The outstanding commitments for future minimum lease payments under a non-cancellable operating lease are as follows:

	2011 **US$'000**	2010 US$'000
Within one year	**267**	—
In the second to fifth year inclusive	**267**	—
	534	—

Operating lease payments represent payable by the Group for its office property. The lease is negotiated for a term of two years.

26. Related party transactions

Other than set out aforesaid, the Group has entered into the following related party transactions with the related companies during the year:

	2011 **US$'000**	2010 US$'000
Agency fee expenses	**47**	315
Voyage charter income	**567**	—
Rental expenses	**216**	—

The related companies are companies in which Mr. Yan and Ms. Lam, the directors of the Company have beneficial interests.

The agency fee expenses to a related company are ceased after 10 June 2010.

The remuneration of the key management personnel is rendered by the executive directors, of which the details have been have set out in note 13. The emoluments of executive directors are determined by the Remuneration Committee with reference to salaries paid by comparable companies, time commitment, and responsibilities of the directors and senior management, employment conditions, and prevailing market conditions.

27. Retirement benefits schemes

The Group operates Mandatory Provident Fund Scheme ("MPF Scheme") for all eligible employees in Hong Kong. These MPF Scheme is registered with the Mandatory Fund Schemes Authority ("MPFA") in accordance with the Mandatory Provident Fund Schemes Ordinance.

Contributions are made by both the Group and the employees based on 5% of the employees' salaries (capped at HK$20,000) and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group under the control of independent trustees approved by the MPFA. Employees leaving the MPF Schemes prior to stipulated service periods may forfeit part of their benefits relating to the Group's voluntary contributions and these amounts may be applied to reduce future voluntary contributions payable by the Group.

The amount charged to profit or loss of US$13,000 (2010: nil) represents the aggregate retirement benefit scheme contributions for the Group's employees, net of forfeited contributions.

28. Particulars of the subsidiaries

Details of the Company's subsidiaries at 31 March 2011 and 2010 are set out below:

Name	Issued and fully paid share capital	Equity interest attributable to the Company 2011	2010	Principal activity
Incorporated in the British Virgin Islands				
Directly held by the Company				
Bryance Group Limited	Ordinary shares US$10,000	**100%**	100%	Provision of marine transportation services
Great Ocean Shipping Limited	Ordinary shares US$10,000	**100%**	100%	Provision of marine transportation services
Greater Shipping Co., Ltd.	Ordinary shares US$10,000	**100%**	100%	Provision of marine transportation services
Joy Ocean Shipping Limited	Ordinary shares US$10,000	**100%**	100%	Provision of marine transportation services
Way Ocean Shipping Limited	Ordinary shares US$10,000	**100%**	—	Provision of marine transportation services
Indirectly held by the Company				
Prosperity Plus Enterprises Limited	Ordinary shares US$10,000	**100%**	—	Inactive
Incorporated in Hong Kong				
Union Apex Mega Shipping Limited	Ordinary share HK$1	**100%**	—	Provision of agency services

29. Financial information of the Company

Financial information of the Company at the end of the reporting period includes:

	2011 US$'000
Assets less liabilities	
Investments in subsidiaries	77,452
Other receivables and prepayment	92
Amounts due from subsidiaries	22,935
Bank balances and cash	819
Other payables and accruals	(80)
	101,218
Capital and reserves	
Share capital	1,064
Reserves	100,154
	101,218