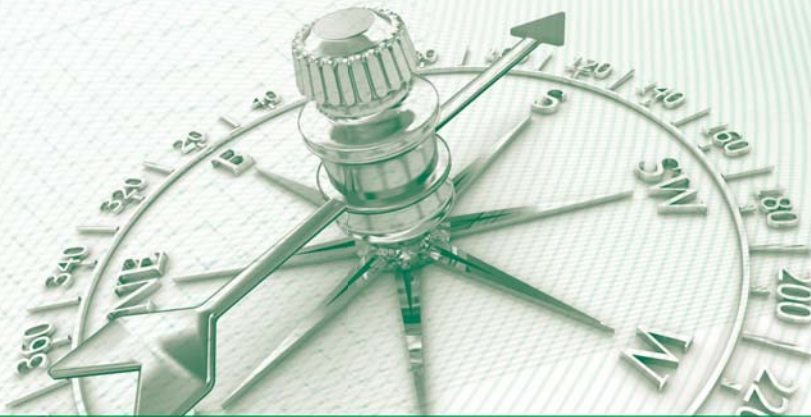




Great Harvest Maeta Group Holdings Limited  
榮豐聯合控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code: 3683



2013 Annual  
Report

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## GLOSSARY

<b>“Ablaze Rich”</b>	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
<b>“Articles”</b>	the articles of association of the Company
<b>“Audit Committee”</b>	the audit committee of the Board
<b>“Baltic Capesize Index”</b>	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
<b>“Baltic Dry Index”</b>	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
<b>“Baltic Panamax Index”</b>	an index of the shipping prices of panamax vessels made up of four daily panamax vessel assessments of time charter rates published by the Baltic Exchange in London
<b>“Board”</b>	the board of Directors
<b>“Bryance Group”</b>	Bryance Group Limited, a company incorporated in the BVI on 28 September 2006 and a wholly-owned subsidiary of the Company
<b>“BVI”</b>	the British Virgin Islands
<b>“CG Code”</b>	Corporate Governance Code contained in Appendix 14 to the Listing Rules
<b>“Company”</b>	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
<b>“Daily TCE”</b>	an acronym for daily time charter equivalent, a standard industry measurement of the average daily revenue performance of a vessel. Daily 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
<b>“Director(s)”</b>	director(s) of the Company
<b>“dwt”</b>	an acronym for deadweight tonnage, a measure expressed in metric tons or long tons of a ship’s carrying capacity, including cargoes, bunker, fresh water, crew and provisions
<b>“First Loan”</b>	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
<b>“Great Ocean”</b>	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

## GLOSSARY

<b>“Greater Shipping”</b>	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
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$” and “HK cents”</b>	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Joy Ocean”</b>	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
<b>“Listing Date”</b>	the date on which trading of the Shares on the Main Board first commenced, i.e. 11 October 2010
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
<b>“Main Board”</b>	the stock market operated by the Stock Exchange, which excludes the Growth Enterprise Market of the Stock Exchange and the options market
<b>“Model Code”</b>	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
<b>“Mr. Yan”</b>	Mr. YAN Kim Po (殷劍波先生), the chairman of the Board, an executive Director and the husband of Ms. Lam
<b>“Ms. Lam”</b>	Ms. LAM Kwan (林群女士), the chief executive officer of the Company, an executive Director and the wife of Mr. Yan
<b>“Nomination Committee”</b>	the nomination committee of the Board
<b>“PRC” or “China”</b>	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
<b>“Remuneration Committee”</b>	the remuneration committee of the Board
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“Second Loan”</b>	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
<b>“SFC”</b>	the Securities and Futures Commission of Hong Kong
<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
<b>“Share(s)”</b>	ordinary share(s) of HK\$0.01 each in the share capital of the Company
<b>“Share Option Scheme”</b>	the share option scheme of the Company approved and adopted by an ordinary resolution of the shareholders at the annual general meeting of the Company held on 19 August 2011
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited

## GLOSSARY

<b>“Third Loan”</b>	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
<b>“Union Apex”</b>	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
<b>“US\$” and “US cents”</b>	United States dollars and cents, respectively, the lawful currency of the United States
<b>“Way Ocean”</b>	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. CHAN Chung Bun, Bunny (陳振彬)  
(*Chairman of Remuneration Committee*)  
Mr. YAN Kim Po (殷劍波)  
Mr. CHEUNG Kwan Hung (張鈞鴻)

#### 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

#### Headquarters 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

#### Independent auditor

PricewaterhouseCoopers

#### Legal adviser 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 Limited

#### Stock code

3683

#### Website address

[www.greatharvestmg.com](http://www.greatharvestmg.com)

## FIVE-YEAR FINANCIAL SUMMARY

	<b>2013</b>	2012	2011	2010	2009
	<b>US\$'000</b>	US\$'000	US\$'000	US\$'000	US\$'000
Results (Loss)/profit attributable to owners of the Company	<b>(13,415)</b>	(6,909)	4,131	19,359	23,623
Assets and liabilities					
Total assets	<b>141,936</b>	159,853	177,749	136,756	151,500
Total liabilities	<b>(44,846)</b>	(49,831)	(61,101)	(64,065)	(98,168)
Net assets	<b>97,090</b>	110,022	116,648	72,691	53,332

## CHAIRMAN'S STATEMENT

Dear shareholders,

During the year ended 31 March 2013, amid the operating environment where the world economy experienced numerous challenges and pressures, all freight indices in the dry bulk marine transportation market hovered at low levels with the Baltic Dry Index recorded an average of 903 points, marking a record low since 1 April 2012. None of the dry bulk vessel types was an exception in the difficult operating environment with extremely low spot rates. Despite the growth in trading volume and demand for marine transportation of various types of dry bulk cargoes, such growth was smaller than the actual growth of the global supply of marine transportation capacity for dry bulk cargoes and it was insufficient to balance and offset the actual expansion in the fleet size. In addition, higher fuel oil prices further undermined the operating margins of ship owners under the same freight rates. There is no short-term nor shortcut solutions to the substantial oversupply of vessels in the dry bulk marine transportation market and the adverse market factors could only be tackled by gradual absorption and adaptation by the market over time. At present, the relatively positive factor for ship owners is that the demand for marine transportation of dry bulk cargoes manages to maintain its growth as a result of, among other factors, significant increase in coal imports as well as minerals and grain transportation in emerging countries such as China and India. Besides, the greater number of demolition of aged vessels among the dry bulk fleet and the falling number of orders for newly built vessels are the underlying contributive factors for the marine transportation market to potentially restore the balance between supply and demand.

Amidst unfavorable market conditions, the Group managed to uphold its proactive and prudent operating strategies with its fleet size maintaining at 418,230 dwt for the year ended 31 March 2013, which was in line with the corresponding period last year. The Group's fleet maintained an occupancy rate at approximately 98% with a total of approximately 1,798 days of occupancy, carried an aggregate of 3,087,237 tonnes of cargoes, achieved an average daily charter rate per vessel of approximately US\$9,805, and recorded a recovery rate of close to 100% for receipt of charter hire during the year. For the year ended 31 March 2013, our vessels mainly carried dry bulk cargoes such as coal, iron ore and grains.

Looking forward to the coming year, amid the backdrop of the weak spot rate market for years, it is expected that the dry bulk marine transportation market is unlikely to exit the depressed situation in 2013 and the oversupply of vessels will remain a major issue in the market. According to the forecast published by authoritative institutions, although the overall economy and international trade are set to grow, the growth pace of the overall economy and international trade will not be significant. As forecasted by the International Monetary Fund, the growth of the world output and the total world trade volume for 2013 will be 3.3% and 3.8% respectively, however, orders for newly built dry bulk vessels to be delivered in 2013 will amount to 1,272 vessels (approximately 100 million dwt), accounting for 14.8% of the existing fleet size. Therefore, the Group expects that the demand for marine transportation of dry bulk cargoes will grow accordingly, but such growth will still be unlikely to balance the pace of expansion in the fleet size. Hence, the shipping market will continue to stay in an oversupply condition and it will be difficult for the freight market to resume normal operation in the short run.

In the face of the current difficult market conditions and challenging operating environment, the Group is committed to generating operating revenue by adhering to its prudent operating strategies, enhancing day-to-day management of vessels, optimizing transportation to better service its customers, and strictly controlling operating costs. 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 its market. In a bid to enhance and expand our scope of business, the Group currently intends 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 apart from the shipping business, such as the upstream business.



## CHAIRMAN'S STATEMENT

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 working hard and dedicated to the Group. 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 2013

## MANAGEMENT DISCUSSION AND ANALYSIS

### Market review

**Daily Variation Chart of the Baltic Dry Index (BDI),  
the Baltic Capesize Index (BCI) and the Baltic Panamax Index (BPI)  
1 April 2012–31 March 2013**



	<b>BDI</b>	<b>BCI</b>	<b>BPI</b>
1 April 2012–31 March 2013 (year average)	903	1,520	934
1 April 2012–30 September 2012 (first half average)	932	1,342	1,014
1 October 2012–31 March 2013 (second half average)	874	1,700	854

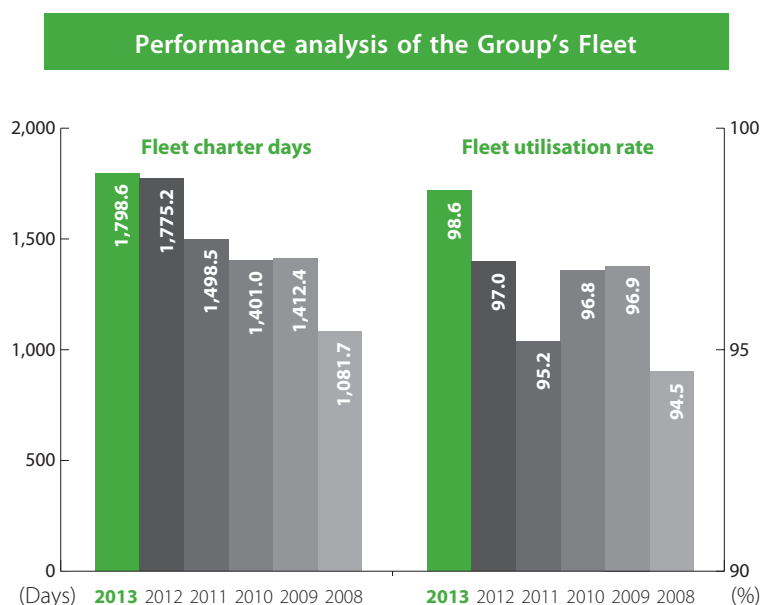
As the freight market of dry bulk vessels was under the influence and effect of the uncertain world economy and trading environment and excess supply of newly built vessels, the Baltic Dry Index was highly volatile and in general remained weak during the period from 1 April 2012 to 31 March 2013. The Baltic Dry Index maintained an average of 903 points only for the period, representing a further 36% decrease as compared with the preceding 12 month period during which a significant drop in the index was witnessed. The Baltic Dry Index reached its highest at 1,165 points, which was still lower than the average point last year. During the year ended 31 March 2013, the spot market continued to display a pattern of fluctuation at low level, while the average daily charter rate in the Baltic Panamax Index was only US\$7,449, representing a further decrease of approximately 40% as compared with the corresponding period last year. According to market report from broker companies, the number of dry bulk vessels with more than 10,000 dwt delivered and used in 2012 reached 1,185, carrying nearly 100 million dwt. Notwithstanding the increasing number of demolition of aged dry bulk vessels, the net growth of the fleet reached approximately 10.7%, which was twice as large as the approximately 5% demand growth for marine transportation of dry bulk cargoes. This condition was more unfavorable to the ship owners who were struggling under the over-supply situation of the dry bulk freight market. Meanwhile, as a result of the high world crude oil prices, the fuel oil prices for ships remained at a high level throughout the year, which largely undermined the operating profits of the vessels. Given the low spot rates in the market, fewer vessels were chartered in the spot market, which further resulted in the low charter rates and rare transaction volume in the time charter market.

## MANAGEMENT DISCUSSION AND ANALYSIS

It is expected that the oversupply of vessels in the dry bulk marine transportation market may only be eased with a combination of a delay in the delivery schedule and a decrease in the number of newly built vessels, as well as an increase in the number of aged dry bulk vessels being demolished.

In the background of extensive operational pressures on ship owners due to the depressed freight income of dry bulk cargoes, factors such as new regulations, inflation and fluctuation of foreign exchange rates further added to the upward pressure on the operation and administration costs of vessels. For instance, crew salaries, purchasing costs of materials and spare parts and insurance premium had materially increased during the year ended 31 March 2013. On the other hand, the introduction of new regulations and new requirements in respect of vessel management and operation also increased the operation costs and management costs for vessels in a continuous fashion. For example, in order to comply with the restrictions against vessels' carbon and sulfur emissions in certain regions, vessels were required to use more expensive low-sulfur fuel oil when operating in those regions. Also, in order to meet certain requirements in respect of the quality of vessels' ballast water at the port of certain regions, vessels needed to replace their ballast water in deep-sea area, which in turn increased the consumption of fuel oil. Besides, some new standards also required vessels to install new equipments and reinforce existing equipments and structures. All these contributed to a difficult operating environment for ship owners.

### Business overview



The Group's vessels managed to uphold sound technical and operational status with its fleet maintaining an aggregate carrying capacity of approximately 418,230 dwt for the year ended 31 March 2013, which was in line with the corresponding period last year. The Group's vessels maintained high operation level with its occupancy rate at approximately 98.6% and a total of approximately 1,798.6 days of occupancy, both of which were higher than those in the corresponding period last year. The Group's average daily charter rate per vessel was approximately US\$9,804.79. Without taking into account the high charter rate vessels under long term charter contracts, the average daily charter rate per vessel of the Group's Panamax vessels was approximately US\$8,368, representing 112.3% of the average daily charter rate of US\$7,449 recorded in Baltic Panamax Index. Despite the fact that the Capesize vessel of the Group had

## MANAGEMENT DISCUSSION AND ANALYSIS

served for 22 years and the carrying capacity of which represented only 68% of that of a standard capesize vessel, its average daily charter rate was approximately US\$5,635, representing 75% of the average daily charter rate of US\$7,457 recorded in Baltic Capesize Index.

Meanwhile, the fleet had achieved a successful year of safe operation and zero adverse incident, carrying an aggregate of approximately 3,087,237 tonnes of cargoes which mainly consisted of coal (accounting for approximately 68% of the total cargo volume) during the year ended 31 March 2013. The Group was able to exert stringent control over all costs and expenses for vessel management and had strived to minimize voyage expenses, hence managed to control the management expenses for the Group's vessels within the budget. All of the Group's vessels had operated in the spot market, except for GREAT HARVEST which operated under long term charter contracts, as the time charter market shrank and the time charter rates were unsatisfactory. For the year ended 31 March 2013, in order to reduce operation risks and achieve better operation efficiency, the Group upheld its proactive and prudent operating strategies. We sought to charter out vessels to more reputable charterers and successfully received the full amount of freight and charter for the whole year.

### Market outlook

Despite the fact that the International Monetary Fund has expected a 3.3% growth in the world economy, as well as a 3.8% growth in the trading volume, both of which are higher than those growth rates in 2012, the forecast over the dry bulk marine transportation market is conservative and pessimistic for the 2013 spot market. However, as the number of newly-built vessels to be delivered in 2013 will be close to that of last year, the dry bulk fleet will still record a near double-digit growth (with approximately 1,272 new vessels and new carrying capacity of 100 million dwt). Therefore, so long as the increase in freight volume is insufficient to offset the increase in supply due to the delivery of newly built vessels, the overall situation will remain highly challenging to ship owners.

However, Chinese demand may ease the difficulties faced by ship owners to some extent. Firstly, coal prices in the international market have been going low as a result of recession and uncertainty of the world economy and lower coal price will probably be a driver for the volume of China's coal imports. China's coal imports had increased by nearly 30% in 2012 and may grow even more significantly in 2013, which will in turn increase the demand for marine transportation of dry bulk cargoes. Meanwhile, it is expected by the market that major infrastructure projects will be launched in a more speedy way after the completion of reshuffling of the Chinese government. Therefore, China should be able to maintain and increase its iron ore imports. Secondly, it is reported that South America has enjoyed a successful grain harvest this year with more than 10% increase in output, which will increase the demand for marine transportation of grain. Thirdly, the domestic natural gas output of the United States has increased dramatically and the coal otherwise used to generate power domestically may be exported at lower prices. The adoption of austerity economic policies in Europe may also result in an increase in the use of coal for power generation. Such changes may contribute to the growth in demand for the marine transportation of coal. Besides, massive ore carriers such as Vale of Brazil have yet to play any role in China as the ports in China are still not open to vessels of more than 350,000 dwt, which favours the Capesize fleet in terms of maintaining their regular operation in China.

Although the above factors have a positive driving effect on the dry bulk cargoes freight market, they are still unable to entirely offset the negative influence generated from the oversupply of newly built vessels. Subsequent to March 2013, the Baltic Dry Index has improved by 10% in June 2013. It is both the ship owners and the investors' expectation to see that all of the positive factors can provide a relatively large impetus on the recovery of the dry bulk freight market. Some European investors have started to purchase vessels by taking advantage of the low prices in the market.

## MANAGEMENT DISCUSSION AND ANALYSIS

Amidst the current difficult market condition, the Group is committed to generating higher operating revenue by adhering to our prudent operating strategies, enhancing day-to-day management of vessels, optimizing transportation to better service its customers and striving to charter out our vessels to reputable and reliable customers. We will also exercise stringent control on operating costs and reduce all unnecessary expenses. In a bid to consolidate and expand our scope of business, the Group currently intends to identify 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 approximately US\$25.2 million for the year ended 31 March 2012 to approximately US\$23.3 million for the year ended 31 March 2013, representing a decrease of approximately US\$1.9 million, or approximately 7.6%. It comprised time charter income of approximately US\$9.3 million (constituted approximately 39.9% of the revenue of the Group) (2012: approximately US\$16.2 million, constituted approximately 64.3% of the revenue of the Group), voyage charter income of approximately US\$7.2 million (constituted approximately 31.0% of the revenue of the Group) (2012: approximately US\$2.3 million, constituted approximately 9.2% of the revenue of the Group) and service income of approximately US\$6.8 million (constituted approximately 29.1% of the revenue of the Group) (2012: approximately US\$6.7 million, constituted approximately 26.5% of the revenue of the Group) for the year ended 31 March 2013. The decrease in charter income was mainly attributable to the decrease in average Daily TCE of the Group's fleet from approximately US\$13,331 for the year ended 31 March 2012 to approximately US\$9,805 for the year ended 31 March 2013. The increase in voyage charter income was mainly due to the income for the year ended 31 March 2013 derived from completion of voyage charters with aggregate shipping volume of 464,900 metric tonnes of cargo like salt, petcoke, soy bean and coal as compared with completion of shipping volume 223,600 metric tonnes of iron ore for the year ended 31 March 2012.

#### *Cost of services*

Cost of services of the Group increased from approximately US\$20.6 million for the year ended 31 March 2012 to approximately US\$25.1 million for the year ended 31 March 2013, representing an increase of approximately US\$4.5 million or approximately 21.9%. The increase of cost of services was mainly due to increase in direct expenses including bunker expenses and port charges related to voyage chartering.

#### *Gross loss*

The Group recorded gross loss of approximately US\$1.8 million for the year ended 31 March 2013 as compared with gross profit of approximately US\$4.6 million for the year ended 31 March 2012, representing a difference of approximately US\$6.4 million, while the gross profit margin decreased from approximately 18.2% for the year ended 31 March 2012 to approximately -7.8% for the year ended 31 March 2013. The decrease in gross profit margin of the Group was mainly attributable to the decrease in average Daily TCE of the Group's vessels.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *General and administrative expenses*

General and administrative expenses of the Group increased from approximately US\$2.6 million for the year ended 31 March 2012 to approximately US\$2.8 million for the year ended 31 March 2013, representing an increase of approximately US\$0.2 million or approximately 8.4%, mainly due to the share-based payments amortization started in October 2011 during the year ended 31 March 2012 while such amortization was accounted for throughout the year ended 31 March 2013.

### *Finance costs*

Finance costs of the Group decreased from approximately US\$1.6 million for the year ended 31 March 2012 to approximately US\$1.3 million for the year ended 31 March 2013, representing a decrease of approximately US\$0.3 million or approximately 16.2%. Such decrease was mainly attributable to the repayment of the principal amount of the Group's bank loans.

### *Loss and total comprehensive loss for the year*

The Group incurred a loss of approximately US\$13.4 million for the year ended 31 March 2013 as compared with approximately US\$6.9 million for the year ended 31 March 2012. Such decline was mainly due to (i) the impairment loss of approximately US\$7.7 million of the Group's vessel; and (ii) the deterioration from gross profit for the year ended 31 March 2012 to gross loss for the year ended 31 March 2013 with a difference of approximately US\$6.4 million. As the gross loss together with the increase in general and administrative expenses during the year ended 31 March 2013 was significant, the decrease in finance cost during the year was not able to compensate for the decline effect.

### *Liquidity, financial resources, capital structure and gearing ratio*

As at 31 March 2013, the Group's bank balances and cash amounted to approximately US\$1.1 million (31 March 2012: approximately US\$5.9 million), of which approximately 93.2% was denominated in US\$ and approximately 6.1% in HK\$. Outstanding bank loans amounted to approximately US\$41.7 million (31 March 2012: approximately US\$47.2 million), which were denominated in US\$.

As at 31 March 2012 and 31 March 2013, the Group had a gearing ratio (being the bank loans of the Group divided by the total assets of the Group) of approximately 29.5% and 29.4% respectively. The decrease in gearing ratio as at 31 March 2013 was mainly due to the repayment of the principal amount of the Group's bank loans.

The Group's net current assets had slightly decreased from approximately US\$5.9 million as at 31 March 2012 to approximately US\$5.6 million as at 31 March 2013. Such decline was mainly due to decrease in working capital arisen from the decline in operating income of the Group.

The Group's liquidity requirements will be satisfied by a combination of cash flow generated from working capital arising from operating activities and bank loans. The Group also monitors the current and expected liquidity requirements regularly to mitigate the effects of fluctuations in cash flows.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *Exposure to fluctuations in exchange rate 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 2013, 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 2013, the Group recorded outstanding bank loans of approximately US\$41.7 million and all the bank loans carried interest at floating rate. 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 Bryce Group, Joy Ocean, Great Ocean, and Way Ocean respectively;
- Assignment of the charter-hire income and insurance in respect of the vessels held by Bryce Group, Joy Ocean, Great Ocean and Way Ocean respectively;
- Charges over shares of each of Bryce 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% shareholding interests in the Company.

In relation to the Second Loan, it would be an event of default if any two of Mr. Yan, Ms. Lam and Mr. Cao Jiancheng cease to be the executive Director of the Company without the lender's prior consent.

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### *Charges on assets*

As at 31 March 2013, the Group had pledged the following assets to banks as securities against banking facilities granted to the Group:

	<b>2013</b> <b>US\$'000</b>	2012 US\$'000
Property, plant and equipment	<b>125,750</b>	141,153
Pledged bank deposits	<b>8,096</b>	4,966
	<b>133,846</b>	146,119

### *Contingent liabilities*

The Group had no material contingent liabilities as at 31 March 2013.

### *Employees' remuneration and retirement scheme arrangements*

As at 31 March 2013, the Group had 121 employees (31 March 2012: 120 employees). For the year ended 31 March 2013, the total salaries and related cost (including Directors' fees and share-based payments) amounted to approximately US\$5.7 million (31 March 2012: US\$5.2 million). It is the Group's policy to remunerate its employees according to the relevant market situation, and accordingly the remuneration level of the Group's employees 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 51, 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, operation and trading of the 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 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 45, 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's 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 56, 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 from 2001 to 2002. 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. Mr. Cao 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.

## BOARD OF DIRECTORS AND THE SENIOR MANAGEMENT

### *Independent non-executive Directors*

**Mr. CHEUNG Kwan Hung (張鈞鴻)**, aged 61, 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 extensive experience in the investment banking, corporate management and consultancy profession. Mr. Cheung is currently also 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) and NewOcean Energy Holdings Limited (Stock Code: 342), and a company listed on the Growth Enterprise Market of the Stock Exchange, namely Mobile Telecom Network (Holdings) Limited (Stock Code: 8266). Mr. Cheung had been an independent non-executive director of V.S. International Group Limited (Stock Code: 1002), a company listed on the Main Board of the Stock Exchange until January 2011.

**Mr. CHAN Chung Bun, Bunny (陳振彬)**, aged 55, 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 the chairman of the Commission of Youth of Hong Kong since 1 April 2009. 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. Mr. Chan is currently also an independent non-executive director of two companies listed on the Main Board of the Stock Exchange, namely Li Ning Company Limited (Stock Code: 2331) and Speedy Global Holdings Limited (Stock Code: 540).

**Mr. WAI Kwok Hung (韋國洪)**, aged 58, has been serving as an independent non-executive Director of the Company since September 2010. Mr. Wai has been an independent non-executive director of Town Health International Investments Limited (Stock Code: 3886), a company listed on the Main Board of the Stock Exchange, 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 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.

### **Senior management**

**Mr. SUNG Lik Man (宋力文)**, aged 41, 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 extensive 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 (Stock Code: 1919), a company listed on the Main Board of the Stock Exchange, from February 2000 to February 2003.

**Mr. LAU Ying Kit (劉英傑)**, aged 39, 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 fellow 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 two companies listed on the Main Board of the Stock Exchange, namely Kingdom Holdings Limited (Stock Code: 528) and Xiezhong International Holdings Limited (Stock Code: 3663).

# CORPORATE GOVERNANCE REPORT

The Board and the management of the Company are committed to a high standard of corporate governance. The Company considers that such commitment is essential for effective management, healthy corporate culture, successful business growth, balance of business risk and enhancement of shareholders' value.

## The CG Code

The Company has adopted the principles and code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules as the Company's code on corporate governance practices. Throughout the year ended 31 March 2013 and up to the date of this annual report, the Company had been in compliance with the code provisions set out in 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 acting 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.

### *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 the Directors are set out under the section headed "Board of Directors and the Senior Management" of this annual report.

Save for the spousal relationship between Mr. Yan and Ms. Lam, both being executive Directors, there is no other family relationship between any of the Directors, nor is there any financial, business or other material or relevant relationships among the members of the Board.

## CORPORATE GOVERNANCE 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.

The Board has reserved for its decision or consideration matters covering mainly the Group's overall strategy, investment plans, annual and interim results, recommendations on Directors' appointment or reappointment, material contracts and transactions as well as other significant policies and financial matters. The Board has delegated the day-to-day responsibility to the senior management under the supervision of the Board.

### **Appointment and election of Directors**

The Board is empowered under the Articles to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. The Board has delegated to the Nomination Committee the duty 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 the Listing Date. 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. According to article 84 of the Articles, 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, Ms. Lam, Mr. Cheung Kwan Hung and Mr. Chan Chung Bun, Bunny 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.

## CORPORATE GOVERNANCE REPORT

### Independent non-executive Directors

In compliance with Rule 3.10(1) of the Listing Rules, there are three independent non-executive Directors on the Board. Among the three independent non-executive Directors, Mr. Cheung Kwan Hung 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 with reference to Rule 3.13 of the Listing Rules. The Company, based on such confirmation, considers all three independent non-executive Directors, namely Mr. Cheung Kwan Hung, Mr. Chan Chung Bun, Bunny and Mr. Wai Kwok Hung to be independent.

### Induction, development and training of Directors

Every Board member has received 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. The director's handbook will be updated from time to time as and when appropriate.

A formal and tailored induction programme will be 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.

To ensure the Directors' contribution to the Board remains informed and relevant and in compliance with code provision A.6.5 of the CG Code, the Company shall arrange and fund suitable training for Directors to develop and refresh their knowledge and skills. During the year under review, the Directors participated in the kinds of training as follows:

<b>Name of Director</b>	<b>Kind of Training</b>
<i>Executive Directors</i>	
Mr. YAN Kim Po	A, B
Ms. LAM Kwan	A, B
Mr. CAO Jiancheng	A, B
<i>Independent non-executive Directors</i>	
Mr. CHEUNG Kwan Hung	A, B
Mr. CHAN Chung Bun, Bunny	A, B
Mr. WAI Kwok Hung	A, B

A: Reading materials on legal and regulatory updates

B: Attending seminar, training and/or conference relevant to the Group's business or Directors' duties

## CORPORATE GOVERNANCE REPORT

### Corporate Governance Functions

The Board is responsible for performing the corporate governance duties and has adopted a written guideline on corporate governance functions in compliance with the CG code.

The duties of the Board in respect of corporate governance functions are summarized as follows:

- i) to develop and review the Company's policies and practices on corporate governance;
- ii) to review and monitor the training and continuous professional development of Directors and senior management;
- iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (v) to review the Company's compliance with the code provisions as set out in the CG Code and its disclosure requirements in the Corporate Governance Report.

### Board committees

The Board has established the following Board 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 and Board committee meetings. Minutes of all Board and Board 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 was 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, and by satisfying themselves as to the effectiveness of the internal control of the Group. The written terms of reference of the Audit Committee were adopted by the Board on 13 September 2010 and revised on 29 March 2012 and have been posted on the websites of the Stock Exchange and the Company.

## CORPORATE GOVERNANCE REPORT

The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Cheung Kwan Hung, Mr. Chan Chung Bun, Bunny and Mr. Wai Kwok Hung. Mr. Cheung Kwan Hung is the chairman of the Audit Committee. Meetings of the Audit Committee shall be held at least two times a year.

The Audit Committee held two meetings during the year ended 31 March 2013 to review, with the management and the Company's external auditors, the financial results and reports (including continuing connected transactions), financial reporting (including cash flow forecast), 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 2013 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 at least annually, assess the independence of the independent non-executive Directors and the management of board succession, having regard to the requirements under the Listing Rules. The written terms of reference of the Nomination Committee were adopted by the Board on 13 September 2010 and revised on 29 March 2012 and have been posted on the websites of the Stock Exchange and the Company.

The Nomination Committee has adopted written nomination procedures for selection of candidates for directorship of the Company. The Nomination Committee shall, based on criteria such as skills, experience, professional knowledge, personal integrity and time commitments of such individuals, the Company's needs and other relevant statutory requirements and regulations, identify and recommend the proposed candidate to the Board for approval of appointment.

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. Mr. Yan is the chairman of the Nomination Committee. Meetings of the Nomination Committee shall be held at least once a year and as and when required or as requested by the responsible Director or the Chairman.

The Nomination Committee held one meeting during the year ended 31 March 2013 to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the retiring Directors standing for election at the annual general meeting of the Company.

### **Remuneration Committee**

The Remuneration Committee was established to recommend 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 written terms of reference of the Remuneration Committee were adopted by the Board on 13 September 2010 and revised on 29 March 2012 and have been posted on the websites of the Stock Exchange and the Company.

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. Mr. Chan Chung Bun, Bunny is the chairman of the Remuneration Committee. Meetings of the Remuneration Committee shall be held not less than once a year.

## CORPORATE GOVERNANCE REPORT

The Remuneration Committee held one meeting during the year ended 31 March 2013 to review and make recommendation to the Board on the remuneration policy and structure of the Company, and the remuneration packages of the Directors and senior management and other related matters.

### 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 Board committee meetings

The Board aims to meet in person or by means of electronic communication as appropriate. 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 Board committee meeting.

Senior management is invited to join all Board meetings to enhance the Board and management communication.

The individual attendance record of each Director at the meetings of the Board and the Board committees during the year ended 31 March 2013 is set out below.

Name of Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting
Mr. YAN	5/5	—	1/1	1/1
Ms. LAM	4/5 (note 1)	—	—	—
Mr. CAO Jiancheng	4/5 (note 1)	—	—	—
Mr. CHEUNG Kwan Hung	5/5	3/3	1/1	—
Mr. CHAN Chung Bun, Bunny	5/5	3/3	1/1	1/1
Mr. WAI Kwok Hung	5/5	3/3	—	1/1

Note:

1. During the year ended 31 March 2013, one meeting was held between the Chairman and independent non-executive Directors without the executive Directors present in compliance with the code provision A2.7 of the CG Code.



## CORPORATE GOVERNANCE REPORT

### Auditor's remuneration

During the year ended 31 March 2013, the remuneration payable/paid to PricewaterhouseCoopers, the external auditor of the Company, is set out as follows:

<b>Services rendered</b>	<b>Year ended 31 March 2013</b>
	US\$'000
— Audit services	128

### 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, they have complied with the required standards as set out in the Model Code for the year ended 31 March 2013 and up to the date of this annual report.

### Company secretary

The company secretary of the Company is Mr. Lau Ying Kit, who is also the chief financial officer of the Company and is a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Lau has complied with rule 3.29 of the Listing Rules for taking not less than 15 hours of relevant professional training during the year.

### 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 2013, 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 2013.

### 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.

## CORPORATE GOVERNANCE REPORT

### 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/inside information 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 2013.

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 38.

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' communication and rights

A shareholder's communication policy was established by the Company to promote effective communication with shareholders of the Company and encourage effective participation by shareholders at general meetings of the Company.

During the year ended 31 March 2013, one general meeting of the Company was held, i.e. the annual general meeting of the Company held on 26 September 2012, and the attendance of each Director at the annual general meeting of the Company is set out as follows:

<b>Name of Directors</b>	<b>Annual general meeting of the Company</b>
Mr. YAN	1/1
Ms. LAM	1/1
Mr. CAO Jiancheng	1/1
Mr. CHEUNG Kwan Hung	1/1
Mr. CHAN Chung Bun, Bunny	1/1
Mr. WAI Kwok Hung	1/1

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 within specified time 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.

## CORPORATE GOVERNANCE REPORT

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.

In accordance with article 58 of the Articles, any one or more members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

If a shareholder wishes to make proposals at a shareholders' meeting, the requisition must state the purpose of the meeting, and must be signed by the requisitionist(s) and deposited at the Company's principal place of business in Hong Kong attention to the company secretary of the Company. In compliance with Rule 13.51D of the Listing Rules, the Company has also published the procedures for shareholders to propose a person for election as a Director on the Company's website.

### **Investor relations**

The Company maintains a website at [www.greatharvestmg.com](http://www.greatharvestmg.com) where information and updates on the list of Directors and their roles and functions, constitutional documents, terms of reference of the Board committees, procedure for shareholders to propose candidate(s) for election as Directors, and other corporate communications of the Company are posted. Information on the Company's website will be updated from time to time.

There was no change in the Company's constitutional documents during the year ended 31 March 2013.

## AUDIT COMMITTEE REPORT

For the year ended 31 March 2013, the Audit Committee's review covered the audit plans and findings of the external auditor 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 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 2013. 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 2013. The Audit Committee therefore recommended the consolidated financial statements for the year ended 31 March 2013 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 consolidated financial statements of the Company for the year ended 31 March 2013 have been audited by PricewaterhouseCoopers.

### **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 2013

## DIRECTORS' REPORT

The Directors are pleased to present this annual report together with the audited consolidated financial statements for the year ended 31 March 2013.

### **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 15 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 40. The Directors did not recommend payment of any final dividend for the year ended 31 March 2013 (2012: US\$Nil).

### **Reserves**

Movements in the reserves of the Group and of the Company during the year are set out in Note 20 to the consolidated financial statements.

### **Property, plant and equipment**

Details of the movements in property, plant and equipment of the Group are set out in Note 14 to the consolidated financial statements.

### **Share capital**

Details of the movements in the share capital of the Company are set out in Note 18 to the consolidated financial statements.

### **Distributable reserves**

At 31 March 2013, distributable reserves of the Company are amounted to US\$73m (2012: US\$99m).

### **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, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company..

### **Five-year financial summary**

A summary of the Group's results and assets and liabilities for the preceding five financial years is set out on page 6 of this annual 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 for the year ended 31 March 2013.

### **Directors**

The Directors of the Company during the year and up to the date of this report:

#### *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)

In accordance with the Articles, Ms. Lam, Mr. Cheung Kwan Hung and Mr. Chan Chung Bun, Bunny 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 the 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' REPORT

### Directors' interests in Shares and underlying Shares of the Company

As at 31 March 2013, 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)	616,322,500 (L)	74.26%
	Beneficial owner (Note 3)	2,100,000 (L)	0.25%
	Interest of spouse (Note 3)	2,100,000 (L)	0.25%
Ms. Lam	Interest in a controlled corporation (Note 2)	616,322,500 (L)	74.26%
	Beneficial owner (Note 3)	2,100,000 (L)	0.25%
	Interest of spouse (Note 3)	2,100,000 (L)	0.25%
Mr. CAO Jiancheng	Beneficial owner (Note 4)	6,000,000 (L)	0.72%

Note(s):

- (1) The letter "L" denotes the person's long position in the Shares and underlying Shares of the Company.
- (2) These 616,322,500 Shares were held by Ablaze Rich, the entire issued share capital of which was owned as to 51% by Mr. Yan and 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.
- (3) On 21 October 2011, each of Mr. Yan and Ms. Lam was granted share options of the Company in respect of 2,100,000 Shares pursuant to the Share Option Scheme. All these share options remained outstanding as at 31 March 2013. As they have a spousal relationship, each of Mr. Yan and Ms. Lam was deemed to be interested in such number of Shares beneficially held by each other by virtue of the SFO.
- (4) On 21 October 2011, Mr. Cao Jiancheng was granted share options of the Company in respect of 6,000,000 Shares pursuant to the Share Option Scheme. All these share options remained outstanding as at 31 March 2013.

## DIRECTORS' REPORT

### *Interest in shares and underlying shares of an associated corporation:*

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity/nature of interest</b>	<b>Number of shares held</b> <i>(Note)</i>	<b>Approximate percentage of interest</b> <i>(%)</i>
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 2013, none of the Directors and chief executives 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 were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were 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 2013, the interests and short positions of each person, other than a Director or chief executive of the Company, in the Shares or underlying Shares of the Company as recorded in the register kept by the Company under Section 336 of the SFO were as follows:

<b>Name of shareholder</b>	<b>Capacity/nature of interest</b>	<b>Number of Shares held</b> <i>(Note)</i>	<b>Approximate percentage of interest</b> <i>(%)</i>
Ablaze Rich	Beneficial owner	616,322,500 (L)	74.26%

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

Save as disclosed above, as at 31 March 2013, no person (other than a Director or chief executive of the Company) had an interest or short position in the Shares or the underlying Shares of the Company that were recorded in the register kept by the Company under Section 336 of the SFO.



## DIRECTORS' REPORT

### Share Option Scheme

The Company has adopted the Share Option Scheme on 19 August 2011 to enable the Group to grant share options to eligible participants as incentives or rewards for their contribution to the Group. Eligible participants of the Share Option Scheme includes: (a) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any subsidiary of the Company or any entity in which any member of the Group holds any equity interests ("Invested Entity"); (b) any non-executive directors (including independent non-executive directors) of the Company, any subsidiary of the Company or any Invested Entity; (c) any supplier of goods or services to any member of the Group or any Invested Entity; (d) any customer of any member of the Group or any Invested Entity; (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group; and (i) any company wholly owned by one or more eligible participants as referred to in (a) to (h) above.

The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. Subject to the early termination of the Share Option Scheme in accordance with the rules thereof, the Share Option Scheme shall remain in force for a period of ten years commencing on 19 August 2011.

The maximum number of Shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group shall not exceed 30% of the share capital of the Company in issue from time to time (the "Overriding Limit"). No share options may be granted under the Share Option Scheme or any other share option scheme adopted by the Group if the grant of such share options will result in the Overriding Limit being exceeded.

The total number of Shares which may be allotted and issued upon exercise of all options (excluding for this purpose options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any share option scheme of the Group must not in aggregate exceed 83,000,000 Shares, representing 10% of the Shares in issue as at 19 August 2011 (i.e. the date on which the Share Option Scheme was adopted by the Company) and as at the date of this annual report (the "General Scheme Limit"). The General Scheme Limit is also subject to the Overriding Limit, the refreshment of the General Scheme Limit (as described below) and the grant of share options beyond the General Scheme Limit (as described below).

Subject to the Overriding Limit and the grant of share options beyond the General Scheme Limit (as described below), the Company may refresh the General Scheme Limit at any time subject to shareholders' approval by ordinary resolution at a general meeting, and the General Scheme Limit as "refreshed" must not exceed 10% of the Shares in issue as at the date of the aforesaid shareholders' approval and for the purpose of calculating the "refreshed" limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of the Group) previously granted under the Share Option Scheme and any other share option scheme of the Group will not be counted.

## DIRECTORS' REPORT

Subject to the Overriding Limit, the Company may also seek shareholders' approval by ordinary resolution at a general meeting to grant share options under the Share Option Scheme beyond the General Scheme Limit, or, if applicable, the General Scheme Limit as "refreshed", to eligible participants specifically identified by the Company before such approval is sought.

The total number of Shares issued and which may fall to be issued upon the exercise of options granted under the Share Option Scheme and any other share option scheme adopted by the Group (including both exercised or outstanding options) to each grantee within any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their associates (as defined under the Listing Rules), are subject to approval in advance by the independent non-executive Directors of the Company.

In addition, where any grant of share options to a substantial shareholder or an independent non-executive Director of the Company or any of their respective associates (as defined under the Listing Rules) would result in the Shares issued or to be issued upon exercise of all share options already granted and to be granted (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant (a) representing in aggregate over 0.1% of the Shares in issue and (b) having an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK\$5 million, such further grant of share options must be approved by shareholders' in general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, which period may commence from the date of the offer of the share options, and ends on a date which is not later than ten years from the date of grant of the share options subject to the provisions for early termination thereof. The Directors will determine the minimum period, if any, for which share options must be held before such share options can be exercised.

The exercise price of the share options is determinable by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the date of the offer for the grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of offer; and (iii) the nominal value of a Share. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings of the Company.

## DIRECTORS' REPORT

During the year ended 31 March 2013, movements of the share options granted under the Share Option Scheme are summarized as follows and in note 19 to the consolidated financial statements:

List of grantees	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options					Outstanding as at 31 March 2013
				Outstanding as at 1 April 2012	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	
<b>Directors</b>									
Mr. Yan	21 October 2011	21 October 2012– 20 October 2021	1.15	700,000	—	—	—	—	700,000
	21 October 2011	21 October 2013– 20 October 2021	1.15	700,000	—	—	—	—	700,000
	21 October 2011	21 October 2014– 20 October 2021	1.15	700,000	—	—	—	—	700,000
				2,100,000	—	—	—	—	2,100,000
Ms. Lam	21 October 2011	21 October 2012– 20 October 2021	1.15	700,000	—	—	—	—	700,000
	21 October 2011	21 October 2013– 20 October 2021	1.15	700,000	—	—	—	—	700,000
	21 October 2011	21 October 2014– 20 October 2021	1.15	700,000	—	—	—	—	700,000
				2,100,000	—	—	—	—	2,100,000
Mr. CAO Jiancheng	21 October 2011	21 October 2012– 20 October 2021	1.15	2,000,000	—	—	—	—	2,000,000
	21 October 2011	21 October 2013– 20 October 2021	1.15	2,000,000	—	—	—	—	2,000,000
	21 October 2011	21 October 2014– 20 October 2021	1.15	2,000,000	—	—	—	—	2,000,000
				6,000,000	—	—	—	—	6,000,000
Sub-total				10,200,000	—	—	—	—	10,200,000
<b>Employees</b>									
	21 October 2011	21 October 2012– 20 October 2021	1.15	2,500,000	—	—	—	—	2,500,000
	21 October 2011	21 October 2013– 20 October 2021	1.15	2,500,000	—	—	—	—	2,500,000
	21 October 2011	21 October 2014– 20 October 2021	1.15	2,500,000	—	—	—	—	2,500,000
Sub-total				7,500,000	—	—	—	—	7,500,000
<b>Total</b>				17,700,000	—	—	—	—	17,700,000

## DIRECTORS' REPORT

### 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:

	<b>2013</b> <b>US\$'000</b>	2012 US\$'000
Rental expenses paid to a related company ( <i>Note 1</i> )	<b>267</b>	267

- (1) Prior to the Listing Date, the Group entered into a lease agreement dated 10 June 2010 (the "Old Lease Agreement") with Toprich (Asia) Limited (the "Landlord"), 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 Old 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. On 22 March 2013, the Group and the Landlord entered into a new lease agreement (the "New Lease Agreement") to renew the lease of the Property as its office for a term of one year from 1 April 2013 to 31 March 2014 (both dates inclusive).

Pursuant to the New Lease Agreement, the Group (but not the Landlord) has the unilateral option to renew the New Lease Agreement for a further term of one year from 1 April 2014 to 31 March 2015 (both dates inclusive) at the market rent by giving not less than three months' prior written notice to the Landlord.

Under the New Lease Agreement, the monthly rental payable to the Landlord, exclusive of the Government rates and management fee but inclusive of electricity, water and air-conditioning, was HK\$186,178. The aggregate annual consideration payable by the Group under the New Lease Agreement for the year ending 31 March 2014 will not exceed HK\$2,300,000.

For the year ended 31 March 2013, the total consideration paid by the Group to the Landlord under the Old Lease Agreement amounted to HK\$2,085,000 which did not exceed the annual cap of HK\$2,090,000.

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

As each of the applicable percentage ratios (other than the profits ratio) in respect of the transaction contemplated under both the Old Lease Agreement and the New Lease Agreement (on an annualized basis) is less than 5%, the leasing of the Property under both the Old Lease Agreement and the New 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 is exempt from the independent shareholders' approval requirements pursuant to Rule 14A.48 of the Listing Rules.

Further details of the Old Lease Agreement and New Lease Agreement are set out in the section headed "Connected Transaction" of the prospectus of the Company dated 27 September 2010 and the announcement of the Company dated 22 March 2013 respectively.

## DIRECTORS' REPORT

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 or a controlling shareholder of the Company (as defined under the Listing Rules) or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted for the year ended 31 March 2013.

The aforesaid continuing connected transaction has been reviewed by the independent non-executive Directors of the Company. The independent non-executive Directors confirmed that the aforesaid continuing connected transaction was 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 its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in note 26 to the consolidated financial statements in accordance with Rule 14A.38 of the Listing Rules.

### **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 2013, the Group's five largest customers together accounted for about 73% of the Group's total revenue and the largest customer accounted for about 26% of the Group's total revenue. 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 2013, the Group's five largest suppliers together accounted for about 90% of the Group's costs of services, and the largest supplier accounted for about 25% of the Group's total costs of services. The Group's key suppliers include insurance underwriters, ship managers, shipbrokers, bunker fuel providers and shipyards.

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.

## DIRECTORS' REPORT

### **Directors and controlling shareholders' interests in competing business**

For the year ended 31 March 2013 and up to the date of this annual report, none of the Directors and controlling shareholders of the Company (i.e. Mr. Yan, Ms. Lam and Ablaze Rich) (the "Controlling Shareholders") was interested in any business which competes or is likely to compete with the businesses of the Group.

We have received annual written confirmation from the Controlling Shareholders in respect of the compliance with the provisions of deed of non-competition (the "Deed of Non-competition") entered into between the Company and the Controlling Shareholders as set out in the section headed "Relationship with the Controlling Shareholders — Deed of Non-competition" of the prospectus of the Company dated 27 September 2010.

Our independent non-executive Directors have reviewed the compliance with the Deed of Non-competition during the year ended 31 March 2013 and up to the date of this annual report based on information and confirmation provided by the Controlling Shareholders, and they were satisfied that the Controlling Shareholders have duly complied with the Deed of Non-competition.

### **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**

Deloitte Touche Tohmatsu retired as the auditor of the Company at the conclusion of the annual general meeting of the Company on 26 September 2012 and PricewaterhouseCoopers was appointed as the auditor of the Company for the year ended 31 March 2013.

The consolidated financial statements of the Group for the year ended 31 March 2013 have been audited by PricewaterhouseCoopers. PricewaterhouseCoopers will retire at the conclusion the forthcoming annual general meeting of the Company and, being eligible offer themselves for re-appointment. A resolution to re-appoint PricewaterhouseCoopers as the auditor of the Company in the following year will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

**YAN Kim Po**

*Chairman*

Hong Kong, 28 June 2013

# INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

TO THE SHAREHOLDERS 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 (together, the "Group") set out on pages 40 to 84, which comprise the consolidated and company statements of financial position as at 31 March 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 agreement 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 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.

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*PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong*  
*T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

## INDEPENDENT AUDITOR'S REPORT

### Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2013, and of the Group's loss 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.

### **PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 28 June 2013



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	Note	2013 US\$'000	2012 US\$'000
Revenue	5	23,290	25,202
Cost of services		(25,108)	(20,595)
<b>Gross (loss)/profit</b>		<b>(1,818)</b>	4,607
Other income		22	162
General and administrative expenses	6	(2,784)	(2,568)
Impairment loss recognised on property, plant and equipment	6	(7,700)	(7,707)
<b>Operating loss</b>		<b>(12,280)</b>	(5,506)
Finance income	7	189	177
Finance costs	7	(1,324)	(1,580)
<b>Finance costs — net</b>		<b>(1,135)</b>	(1,403)
Loss before income tax		(13,415)	(6,909)
Income tax expense	10	—	—
<b>Loss for the year and total comprehensive loss attributable to owners of the Company</b>	11	<b>(13,415)</b>	(6,909)
<b>Loss per share for loss attributable to owners of the Company</b>			
— Basic and diluted	12	(US1.62 cents)	(US0.83 cents)
<b>Dividends</b>	13	—	—

The accompanying notes are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

	Note	2013 US\$'000	2012 US\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	125,760	141,166
Finance lease receivable	23	—	1,685
Pledged bank deposits	17	3,000	3,000
		<b>128,760</b>	145,851
<b>Current assets</b>			
Inventories		696	—
Finance lease receivable	23	1,867	—
Trade and other receivables	16	4,371	6,090
Pledged bank deposits	17	5,096	1,966
Cash and cash equivalents	17	1,146	5,946
		<b>13,176</b>	14,002
<b>Total assets</b>		<b>141,936</b>	159,853
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	18	1,064	1,064
Reserves	20	96,026	108,958
<b>Total equity</b>		<b>97,090</b>	110,022
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank borrowings	21	37,237	41,723
		<b>37,237</b>	41,723
<b>Current liabilities</b>			
Other payables and accruals	22	3,123	2,623
Bank borrowings	21	4,486	5,485
		<b>7,609</b>	8,108
<b>Total liabilities</b>		<b>44,846</b>	49,831
<b>Total equity and liabilities</b>		<b>141,936</b>	159,853
<b>Net current assets</b>		<b>5,567</b>	5,894
<b>Total assets less current liabilities</b>		<b>134,327</b>	151,745

Director

Director

The accompanying notes are an integral part of these consolidated financial statements.

# STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

	Note	2013 US\$'000	2012 US\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries and amounts due from subsidiaries	15	<b>73,702</b>	77,452
<b>Current assets</b>			
Amounts due from subsidiaries	15	<b>1,587</b>	22,153
Other receivables and prepayment	16	<b>83</b>	83
Cash and cash equivalents	17	<b>18</b>	829
		<b>1,688</b>	23,065
<b>Total assets</b>		<b>75,390</b>	100,517
<b>EQUITY</b>			
<b>Equity attributable to owners of Company</b>			
Share capital	18	<b>1,064</b>	1,064
Reserves	20	<b>73,151</b>	99,408
		<b>74,215</b>	100,472
<b>Current liabilities</b>			
Amount due to a subsidiary	15	<b>1,153</b>	—
Other payables and accruals	22	<b>22</b>	45
		<b>1,175</b>	45
<b>Total liabilities</b>		<b>1,175</b>	45
<b>Total equity and liabilities</b>		<b>75,390</b>	100,517
<b>Net current assets</b>		<b>513</b>	23,020
<b>Total assets less current liabilities</b>		<b>74,215</b>	100,472

Director

Director

The accompanying notes are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Share capital US\$'000	Share premium US\$'000	Share option reserve US\$'000	Special reserve US\$'000	Other reserves US\$'000	Retained profit US\$'000	Total US\$'000
Balance at 1 April 2011	1,064	25,120	—	46	13,636	76,782	116,648
Comprehensive income:							
Loss for the year	—	—	—	—	—	(6,909)	(6,909)
Total comprehensive loss for the year, net of tax	—	—	—	—	—	(6,909)	(6,909)
	1,064	25,120	—	46	13,636	69,873	109,739
Total contributions by and distributions to owners of the Company recognised directly in equity							
Employee share option scheme:							
— Employee share-based compensation benefits	—	—	283	—	—	—	283
Balance at 31 March 2012	1,064	25,120	283	46	13,636	69,873	110,022
Balance at 1 April 2012	1,064	25,120	283	46	13,636	69,873	110,022
Comprehensive income:							
Loss for the year	—	—	—	—	—	(13,415)	(13,415)
Total comprehensive loss for the year, net of tax	—	—	—	—	—	(13,415)	(13,415)
Total contributions by and distributions to owners of the Company recognised directly in equity	1,064	25,120	283	46	13,636	56,458	96,607
Employee share option scheme:							
— Employee share-based compensation benefits	—	—	483	—	—	—	483
Balance at 31 March 2013	1,064	25,120	766	46	13,636	56,458	97,090

The accompanying notes are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

	Note	2013 US\$'000	2012 US\$'000
<b>Cash flows from operating activities</b>			
Net cash generated from operating activities	24	6,559	10,543
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,427)	(1,010)
Interest received		7	13
Net cash used in investing activities		(1,420)	(997)
<b>Cash flows from financing activities</b>			
Interest paid		(1,324)	(1,436)
Net (increase)/decrease in pledged bank deposits		(3,130)	2,632
Repayments of bank borrowings		(5,485)	(10,600)
Net cash used in financing activities		(9,939)	(9,404)
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year		5,946	5,804
<b>Cash and cash equivalents at end of year</b>	17	<b>1,146</b>	5,946

The accompanying notes are an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 General information

Great Harvest Maeta Group Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) engaged in chartering out of dry bulk vessels. The principal activity of the Company is investment holding.

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is Cricket Square, Hutching Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These financial statements are presented in US dollars, unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 28 June 2013.

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

#### (a) Effect of adopting amendments to standards

The following amendments to standards are mandatory for the first time for the financial year beginning 1 April 2012.

HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first- time adopters
HKFRS 7 (Amendment)	Financial instruments: Disclosure
HKAS 12 (Amendment)	Income taxes

The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 Summary of significant accounting policies (continued)

#### 2.1 Basis of preparation (continued)

- (b) New standards, amendments to standards and interpretations that have been issued but not yet effective and have not been early adopted by the Group:

HKFRS 1 (Amendment)	First time adoption on government loans <sup>2</sup>
HKFRS 7 (Amendment)	Financial instruments: Disclosures — offsetting financial assets and financial liabilities <sup>2</sup>
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date and transition disclosures <sup>4</sup>
HKFRS 9	Financial instruments <sup>4</sup>
HKFRS 10	Consolidated financial statements <sup>2</sup>
HKFRS 11	Joint arrangements <sup>2</sup>
HKFRS 12	Disclosures of interests in other entities <sup>4</sup>
HKFRS 13	Fair value measurement <sup>2</sup>
HKAS 1 (Amendment)	Presentation of items of other comprehensive income <sup>1</sup>
HKAS 19 (Amendment)	Employee benefits <sup>2</sup>
HKAS 27 (2011)	Separate financial statements <sup>2</sup>
HKAS 28 (2011)	Investment in associates <sup>2</sup>
HKAS 32 (Amendment)	Financial instruments: Presentation — offsetting financial assets and financial liabilities <sup>3</sup>
HKIFRIC 20	Stripping costs in the production phase of a surface mine <sup>2</sup>
HKFRSs (Amendment)	Annual improvements 2009–2011 cycle <sup>2</sup>

<sup>1</sup> Effective for the Group for annual period beginning 1 July 2012

<sup>2</sup> Effective for the Group for annual period beginning 1 January 2013

<sup>3</sup> Effective for the Group for annual period beginning 1 January 2014

<sup>4</sup> Effective for the Group for annual period beginning 1 January 2015

The Group will apply the above new standards, interpretation, amendments or improvements to existing standards as and when they become effective. The Group has already commenced an assessment of the impact of these new standards, interpretation, amendments or improvements to existing standards, and anticipated that the adoption of new standards, interpretation, amendments or improvements to existing standards will not have a material effect on the Group's operating result or financial position.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies (continued)

### 2.2 Subsidiaries

#### 2.2.1 Consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise from circumstances where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### (a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies (continued)

### 2.2 Subsidiaries (continued)

#### 2.2.1 Consolidation (continued)

##### (a) Business combinations (continued)

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

##### (b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

##### (c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

#### 2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies (continued)

### 2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

### 2.4 Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in US dollars, which is the Company's functional and the Group's presentation currency.

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in consolidated profit or loss.

#### (c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies (continued)

### 2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation is calculated using straight-line method to allocate their cost to their residual values over the estimated useful lives, as follows:

— Vessels	25 years
— Office equipment	5 years

Vessel component costs include the cost of major components which are usually replaced or renewed at drydockings. This cost is depreciated over the period to the next dry docking. Costs incurred on subsequent dry docking of vessel are capitalised as part of the cost of vessel and depreciated on a straight-line basis over the estimated period until the next dry docking.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the profit or loss.

### 2.6 Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are not subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies (continued)

### 2.6 Impairment of investments in subsidiaries and non-financial assets (continued)

Impairment testing of an investment in a subsidiary is required upon receiving a dividend if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the subsidiary in the Company's statement of financial position exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

### 2.7 Financial assets

#### 2.7.1 Classification

The Group classifies its financial assets depending on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the statement of financial position (Notes 2.11 and 2.12).

#### 2.7.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date — the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

### 2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.9 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies (continued)

### 2.9 Impairment of financial assets (continued)

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the 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. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

Impairment testing of trade and other receivables is described in Note 4(b).

### 2.10 Inventories

Inventories represented bunkers on board of vessels, which are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 2.11 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### 2.12 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 Summary of significant accounting policies (continued)

#### 2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### 2.14 Trade and other payables

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### 2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

#### 2.16 Borrowing costs

General and specific 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 their 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 borrowings 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 Summary of significant accounting policies (continued)

#### 2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

##### (a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### (b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

##### (c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 Summary of significant accounting policies (continued)

#### 2.18 Employee benefits

##### (a) Retirement benefit cost

The Group operates a defined contribution Mandatory Provident Fund Scheme in Hong Kong (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those qualifying employees employed under the jurisdiction of the Hong Kong Employment Ordinance, and who are eligible to participate in the MPF Scheme. Under the rules of the MPF Scheme, contributions to the scheme by the Group and the employees are calculated as a percentage of employee's relevant income, subject to a cap of monthly relevant income of HK\$20,000. The retirement benefit scheme costs charged to consolidated profit or loss represent contributions payable by the Group in accordance with the rules of the MPF Scheme. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

##### (b) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

#### 2.19 Share-based payments

##### (a) Equity-settled share-based payment transactions

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 Summary of significant accounting policies (continued)

#### 2.19 Share-based payments (continued)

##### (a) Equity-settled share-based payment transactions (continued)

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

After vesting, when the share options are forfeited before expiry or expire, the amount previously recognised in "share option reserve" will be transferred to "retained profits".

##### (b) Share-based payment transactions among group entities

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

#### 2.20 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 Summary of significant accounting policies (continued)

#### 2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

##### (a) Charter income

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.

##### (b) Service income

Service income is recognised when services are rendered.

##### (c) Interest income

Interest income is recognised as it accrues using the effective interest method.

#### 2.22 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivables is recognised as unearned finance income.

The method for allocating gross earnings to accounting periods is referred to as the 'actuarial method'. The actuarial method allocates rentals between finance income and repayment of capital in each accounting period in such a way that finance income will emerge as a constant rate of return on the lessor's net investment in the lease.

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset. Lease income on operating leases is recognised over the term of the lease on a straight-line basis.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 Financial risk management

#### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

##### (a) Market risk

###### (i) Currency 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.

###### (ii) Cash flow interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets except for cash at bank which earned a low interest. Management does not anticipate significant impact on interest-bearing assets resulted from the changes in interest rates because the interest rates of bank deposits are not expected to change significantly.

The Group's cash flow and interest rate risk arises from bank deposits and long-term bank borrowings. Bank borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group is also exposed to fair value interest rate risk in relation to its finance lease receivables. Details of the Group's bank borrowings have been disclosed in Note 21.

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 Group has not used any interest rate swaps to hedge its exposure to interest rate risk as the interest rate risk exposure is not significant.

At 31 March 2013, it is estimated that a general increase or decrease of 100 basis points in interest rates on floating rate borrowings, with all other variables held constant, would increase/decrease the Group's loss before taxation by approximately US\$417,000 (2012: US\$479,000). The above sensitivity analysis has been determined assuming that the change in interest rates had occurred at the statement of financial position date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the year until the next annual statement of financial position date. The analysis was performed on the same basis for 2012.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### (b) Credit risk

Credit risk is managed on a group basis. The Group's credit risk mainly arises from cash and cash equivalents and deposits with banks, as well as credit exposures to trade and other receivables. Management has policies in place to monitor the exposures to these credit risks on an on-going basis.

As at 31 March 2013 and 2012, for cash and cash equivalents and deposits with banks and financial institutions, they are all deposited or traded with high quality financial institutions without significant credit risk.

The Group has put in place policies to ensure that services are provided to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. The Group's historical experience in collection of trade and other receivables falls within the recorded policies.

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.

##### (c) Liquidity risk

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. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following tables detail the remaining contractual maturities at the statement of financial position date of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the statement of financial position date) and the earliest date the Group and the Company can be required to pay:

Group	Less than 1 year US\$'000	Between 1 and 2 years US\$'000	Between 2 and 5 years US\$'000	Total US\$'000
At 31 March 2013				
Bank borrowings	4,486	4,486	32,751	41,723
Interest on borrowings	993	869	1,663	3,525
Other payables and accruals	1,342	—	—	1,342

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### (c) Liquidity risk (continued)

Group	Less than 1 year US\$'000	Between 1 and 2 years US\$'000	Between 2 and 5 years US\$'000	Over 5 years US\$'000	Total US\$'000
At 31 March 2012					
Bank borrowings	5,485	4,486	16,659	20,578	47,208
Interest on borrowings	1,245	1,094	2,418	321	5,078
Other payables and accruals	1,245	—	—	—	1,245

##### Company

As at 31 March 2013 and 2012, all of the Company's financial liabilities were due for settlement contractually within 12 months or repayable on demand.

#### 3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditure and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, repurchase the Company's shares, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debts divided by total assets. Total debt calculated as total bank borrowings (including "current and non-current bank borrowings" as shown in the consolidated statement of financial position). As at 31 March 2013, the gearing ratio is 29.4% (2012: 29.5%).

#### 3.3 Fair value estimation

The carrying values less trade and other receivables and the carrying values of trade payables, accruals, bank deposits and short-term interest bearing liabilities are a reasonable approximation of their fair values due to their short-term maturities. The carrying amounts of the long-term interest bearing liabilities approximate to their fair values as the bank borrowings were at floating interest rate.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4 Critical accounting estimates and judgements

The Group's management makes assumptions, estimates and judgements in the process of applying the Group's accounting policies that affect the assets, liabilities, income and expenses in the consolidated financial statements prepared in accordance with HKFRS. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The matters described below are considered to be the most critical in understanding the estimates and judgements that are involved in preparing the Group's consolidated financial statements.

#### (a) Current and deferred income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences would impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

#### (b) Estimation of provision for impairment of receivables

The Group makes provision for impairment of receivables based on an assessment of the collectability of trade and other receivables. Provisions for impairment are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables and doubtful debt expense in the period in which such estimate is changed.

#### (c) Impairment of vessels

The operation of shipping industry is subject to cyclical fluctuations, which in turn affects the results of operations. Management performs review for impairments of the vessels whenever event or changes in circumstances indicate that the carrying amount of the vessels may not be recoverable.

Management reviews certain indicators of potential impairment, such as results of operation of the vessels, reported sale and purchase prices, market demand and general market conditions and performs impairment assessments on its vessels. Based on management's review, impairment indication exists for certain vessels of the Group and impairment assessment for these vessels has been performed.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4 Critical accounting estimates and judgements (continued)

#### (c) Impairment of vessels (continued)

The recoverable amounts of the vessels have been determined based on the higher of fair value less costs to sell or value-in-use method. The fair values of the vessels were determined based on market transactions at the balance sheet date. While the value-in-use calculations require the use of estimates on the projectors of cash inflows from the continued use of the vessels (including the amounts to be received for the disposal of the vessels) and discounted rate. All these items have been historically volatile and may impact the results of the impairment assessment. Based on management's best estimates, provision for impairment losses for certain vessels of the Group amounted to US\$7,700,000 (2012: US\$7,707,000) were made for the year.

Were the recoverable amounts of these vessels to lower by 5% from management's estimates, it is estimated that the provision for impairment losses would increase by US\$2,600,000 (2012: US\$2,400,000).

#### (d) Useful lives of vessels

Management determines the estimated useful lives and related depreciation expenses for the vessels. Management estimates useful lives of its vessels by reference to expected usage of the vessels, expected repair and maintenance, and technical or commercial obsolescence arising from changes or improvements in the vessel market. Useful lives of vessel could change significantly as a result of the changes in these factors.

Management will revise the depreciation charge where useful life is different from previously estimated life.

#### (e) Residual values of vessels

The Group's management determines the residual values for its vessels. This estimate is based on the current scrap values of steels in an active market at each measurement date since management decides to dispose of the fully depreciated vessels as scrap steels. Depreciation expenses would increase where the residual values are less than previously estimated value.

With all other variables held constant, increasing the residual value by 10% from management's estimates, it is estimated that the carrying value would decrease by US\$262,000 as at 31 March 2013 (2012: US\$262,000).

#### (f) Classification of leases

The Group classified its lease into either finance leaves or operating leases taking into account of the spirit, intention, and application of HKAS17 "Leases".

Management assesses the classification of leases by taking into account the market conditions at the inception of the lease and the period of the lease attached to the lease. For those leases that would transfer ownership of the assets at the end of the lease term, or the purchase options by the buyer, if any, attached to the arrangements are sufficiently attractive as to make it reasonably certain that they would be exercised, they are being treated as finance leases.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4 Critical accounting estimates and judgements (continued)

#### (g) Estimated impairment of finance lease 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 assets 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 2013, the carrying amount of finance lease receivable was US\$1,867,000 (2012: US\$1,685,000).

#### (h) Employee benefits — share-based payments

The valuation of the fair value of the share options granted requires judgement in determining the expected volatility of the share price, the dividends expected on the shares, the risk-free interest rate during the life of the options and the number of share options that are expected to vest. Where the outcome of the number of options that are vested is different, such difference will impact the profit or loss in the subsequent remaining vesting period of the relevant share options.

The fair values were calculated using the Binomial Option Pricing model at the date of grant. The inputs into the model were as follows:

Stock price as of the date of grant	HK\$1.15
Exercise price	HK\$1.15
Expected volatility ( <i>note i</i> )	35%
Expected life	6-9 years
Risk-free rate ( <i>note ii</i> )	0.985%-1.306%
Expected dividend yield ( <i>note iii</i> )	0%

Notes:

- (i) Expected volatility was determined with reference to annualised historical weekly volatility of comparable companies' share prices as of the date of grant.
- (ii) Risk-free rate was determined with reference to the yield of the Hong Kong Exchange Fund Notes as of the date of grant.
- (iii) Expected dividend yield was determined with reference to historical dividend payment up to the date of grant.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5 Revenue and segment information

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

	<b>2013</b> <b>US\$'000</b>	2012 US\$'000
Time charter income	<b>9,284</b>	16,199
Voyage charter income	<b>7,231</b>	2,323
Service income	<b>6,775</b>	6,680
	<b>23,290</b>	25,202

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.

The chief operating decision maker regularly reviews the revenue components of time charter income, voyage charter income and service income, which are considered as a single operating segment on a combined basis. The gross profit and profit before tax are also reported internally on a combined basis for the resources allocation and performance assessment by the chief operating decision maker. Accordingly, no separate segment information is prepared.

#### Segment assets and liabilities

No assets and liabilities are included in 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5 Revenue and segment information (continued)

#### Geographical information (continued)

#### Information about customers

Revenue arising from the provision of chartering and other related services for customers during the year individually contributing over 10% of total revenue of the Group is as follows:

	2013 US\$'000	2012 US\$'000
Customer A	6,775	6,680
Customer B	2,864	2,681
Customer C (note 1)	2,576	—
Customer D (note 2)	—	5,012
Customer E (note 3)	—	2,707
	<b>12,215</b>	17,080

Notes:

- No revenue was generated from customer C for the year ended 31 March 2012.
- No revenue was generated from customer D for the year ended 31 March 2013.
- The revenue generated from customer E for the year ended 31 March 2013 was less than 10% of the total revenue of the Group.

### 6 Expenses by nature

Operating loss is stated after charging the following:

	2013 US\$'000	2012 US\$'000
Crew expenses (included in cost of services)	4,024	3,742
Depreciation of property, plant and equipment	9,133	11,992
Operating lease rental for land and buildings	267	267
Auditor's remuneration — audit services	128	113
Provision for impairment of trade receivables (Note 16)	8	—
Bad debt written-off	32	—
Impairment losses on property, plant and equipment	7,700	7,707
Employee benefit expense (including directors' emoluments) (Note 8)	1,704	1,495

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 7 Finance costs — net

	2013 US\$'000	2012 US\$'000
<b>Finance income</b>		
Interest income	(7)	(13)
Finance income on finance lease receivable	(182)	(164)
	(189)	(177)
<b>Finance costs</b>		
Interest expense on bank borrowings	1,209	1,436
Loan arrangement fee	115	144
	1,324	1,580
Finance costs — net	1,135	1,403

No borrowing costs were capitalised during the years ended 31 March 2013 and 2012.

### 8 Employee benefit expense

	2013 US\$'000	2012 US\$'000
Fee, salaries and other benefit costs	1,203	1,194
Share option granted to directors and employees ( <i>note 19</i> )	483	283
Pension costs — retirement benefit plans	18	18
	1,704	1,495

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 9 Directors' and senior management's emoluments

The remuneration of every directors for the year ended 31 March 2013 is as follows:

Name	Basic salaries, housing allowances and other benefits in kind		Share-based payments	Retirement benefits scheme contribution	Total
	Fees	US\$'000			
Executive directors					
Mr. Yan Kim Po	—	231	62	2	295
Ms. Lam Kwan	—	192	62	2	256
Mr. Cao Jiancheng	—	169	178	2	349
Independent non-executive directors					
Mr. Cheung Kwan Hung	19	—	—	—	19
Mr. Chan Chung Bun, Bunny	19	—	—	—	19
Mr. Wai Kwok Hung	13	—	—	—	13
<b>Total</b>	<b>51</b>	<b>592</b>	<b>302</b>	<b>6</b>	<b>951</b>

The remuneration of every directors for the year ended 31 March 2012 is as follows:

Name	Basic salaries, housing allowances and other benefits in kind		Share-based payments	Retirement benefits scheme contribution	Total
	Fees	US\$'000			
Executive directors					
Mr. Yan Kim Po	—	231	37	2	270
Ms. Lam Kwan	—	192	37	2	231
Mr. Cao Jiancheng	—	171	104	2	277
Independent non-executive directors					
Mr. Cheung Kwan Hung	19	—	—	—	19
Mr. Chan Chung Bun, Bunny	19	—	—	—	19
Mr. Wai Kwok Hung	13	—	—	—	13
<b>Total</b>	<b>51</b>	<b>594</b>	<b>178</b>	<b>6</b>	<b>829</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 9 Directors' and senior management's emoluments (continued)

During the year, no remuneration was waived by any directors (2012: Nil).

Of the five individuals with the highest remunerations in the Group, three (2012: three) were directors of the Company whose emoluments are included in the above disclosures. The emoluments of the remaining two (2012: two) individuals were as follows:

	2013 US\$'000	2012 US\$'000
Basic salaries, housing allowances and other benefits in kind	268	273
Retirement benefit scheme contributions	4	3
Share-based payments	181	105
	<b>453</b>	381

The emoluments fell within the following bands:

	Number of individuals	
	2013	2012
HK\$1,000,000 to HK\$1,500,000 (equivalent to US\$128,205 to US\$192,308)	1	2
HK\$2,000,000 to HK\$2,500,000 (equivalent to US\$256,410 to US\$320,513)	1	—

No emoluments were paid or payable to the directors and above highest paid individuals as an inducement to join the Group or as compensation for loss of office during the financial years ended 31 March 2013 and 2012.

### 10 Income tax expense

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profit generated in Hong Kong for the year ended 31 March 2013 (2012: Nil).

Taxation on profits has been calculated on the estimated assessable profits for the year ended 31 March 2013 at the rates of taxation prevailing in the countries/places in which the Group operates. Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the twelve months period.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 10 Income tax expense (continued)

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

	2013 US\$'000	2012 US\$'000
Loss before income tax	(13,415)	(6,909)
Calculated at a taxation rate of 16.5% (2012: 16.5%)	(2,214)	(1,140)
Offshore income not taxable for tax purpose	(3,874)	(4,212)
Income not subject to tax	—	(2)
Expenses not deductible for tax purposes	5,881	4,988
Tax losses not recognised	207	366
Income tax expense	—	—

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets in respect of losses amounting to US\$3,500,000 (2012: US\$2,246,000) that can be carried forward against future taxable income and with no expiry date.

### 11 Loss attributable to owners of the Company

The loss attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of US\$26,740,000 (2012: US\$1,030,000).

### 12 Loss per share

#### (a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2013	2012
Loss attributable to owners of the Company (US\$'000)	13,415	6,909
Weighted average number of ordinary shares in issue (thousands)	830,000	830,000
Basic loss per share (US cents per share)	1.62	0.83

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 12 Loss per share (continued)

#### (b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	2013	2012
Loss attributable to owners of the Company (US\$'000)	13,415	6,909
Weighted average number of ordinary shares for diluted earnings per share (thousands)	830,000	830,000
Diluted loss per share (US cents per share)	1.62	0.83

Diluted loss per share for the year ended 31 March 2013 equals basic loss per share as the exercise of the outstanding share options would be anti-dilutive.

### 13 Dividends

The directors do not recommend the payment of a final dividend for the year ended 31 March 2013 (2012: Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 14 Property, plant and equipment

Group	Vessels US\$'000	Office equipment US\$'000	Total US\$'000
At 1 April 2011			
Cost	204,948	—	204,948
Accumulated depreciation	(45,414)	—	(45,414)
Net book amount	159,534	—	159,534
Year ended 31 March 2012			
Opening net book amount	159,534	—	159,534
Additions	1,315	16	1,331
Depreciation (Note 6)	(11,989)	(3)	(11,992)
Provision for impairment loss (Note 6)	(7,707)	—	(7,707)
Closing net book amount	141,153	13	141,166
At 31 March 2012			
Cost	206,263	16	206,279
Accumulated depreciation	(57,403)	(3)	(57,406)
Accumulated impairment losses	(7,707)	—	(7,707)
Net book amount	141,153	13	141,166
Year ended 31 March 2013			
Opening net book amount	141,153	13	141,166
Additions	1,427	—	1,427
Depreciation (Note 6)	(9,130)	(3)	(9,133)
Provision for impairment losses (Note 6)	(7,700)	—	(7,700)
Closing net book amount	125,750	10	125,760
At 31 March 2013			
Cost	207,690	16	207,706
Accumulated depreciation	(66,533)	(6)	(66,539)
Accumulated impairment loss	(15,407)	—	(15,407)
Net book amount	125,750	10	125,760

Depreciation of approximately US\$9,130,000 (2012: US\$11,990,000) has been charged in "cost of services", US\$3,000 (2012: US\$3,000) in "administrative expenses".

As at 31 March 2013, the Group's property, plant and equipment of US\$125,750,000 (2012: US\$141,153,000) was pledged as security for bank borrowings of the Group (Note 21).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 15 Investments in subsidiaries and amounts due from/(to) subsidiaries

	Company	
	2013 US\$'000	2012 US\$'000
Unlisted shares, at cost	77,452	77,452
Amounts due from subsidiaries	23,413	22,153
	<b>100,865</b>	99,605
Less: Provision for impairment	(25,576)	—
	<b>75,289</b>	99,605
Less: current portion (Note)	(1,587)	(22,153)
	<b>73,702</b>	77,452
Amount due to a subsidiary (Note)	1,153	—

Note:

As at 31 March 2013 and 2012, the amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand.

Particulars of the principal subsidiaries of the Company which, in the opinion of the directors, principally affect the profit and assets of the Company as at 31 March 2013 are as follows:

Name	Place of incorporation/ establishment	Principal activities	Particulars of issued share capital	Interest held
Shares directly held by the Company:				
Bryance Group Limited	British Virgin Islands	Provision of marine transportation services	10,000 ordinary shares of US\$1 each	100%
Great Ocean Shipping Limited	British Virgin Islands	Provision of marine transportation services	10,000 ordinary shares of US\$1 each	100%
Greater Shipping Company Limited	British Virgin Islands	Provision of marine transportation services	10,000 ordinary shares of US\$1 each	100%
Joy Ocean Shipping Limited	British Virgin Islands	Provision of marine transportation services	10,000 ordinary shares of US\$1 each	100%
Way Ocean Shipping Limited	British Virgin Islands	Provision of marine transportation services	10,000 ordinary shares of US\$1 each	100%
Union Apex Mega Shipping Limited	Hong Kong	Provision of agency services	50,000 ordinary shares of HK\$1 each	100%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16 Trade and other receivables

	Group		Company	
	2013 US\$'000	2012 US\$'000	2013 US\$'000	2012 US\$'000
Trade receivables	3,457	5,168	—	—
Less: Provision for impairment of trade receivables	(8)	—	—	—
Trade receivables, net	3,449	5,168	—	—
Prepayments and deposits	922	922	83	83
	<b>4,371</b>	<b>6,090</b>	<b>83</b>	<b>83</b>

The carrying amounts of trade receivables, prepayments and deposits approximate their fair values.

Time charter income and service income are prepaid in advance. 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.

As at 31 March 2013 and 2012, the ageing analysis of the trade receivables based on invoice date was as follows:

	Group	
	2013 US\$'000	2012 US\$'000
0–30 days	3,189	3,898
31–365 days	145	1,148
Over 365 days	123	122
	<b>3,457</b>	<b>5,168</b>

As at 31 March 2013, trade receivables of US\$260,000 (2012: US\$179,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The past due ageing analysis of these trade receivables is as follows:

	2013 US\$'000	2012 US\$'000
0–30 days	7	6
31–365 days	138	51
Over 365 days	115	122
	<b>260</b>	<b>179</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16 Trade and other receivables (continued)

As at 31 March 2013, trade receivables of US\$8,000 (2012: Nil) were impaired. The amount of the provision was US\$8,000 (2012: Nil) as at 31 March 2013.

Movements on the provision for impairment of trade receivables are as follows:

	2013 US\$'000	2012 US\$'000
As 1 April	—	—
Provision for impairment of receivables (Note 6)	8	—
As 31 March	8	—

The carrying amounts of trade and other receivables are denominated in the US dollars.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

### 17 Cash and bank balances

	Group		Company	
	2013 US\$'000	2012 US\$'000	2013 US\$'000	2012 US\$'000
Current				
Cash at bank and on hand	1,146	5,946	18	829
Pledged bank deposits	5,096	1,966	—	—
	<b>6,242</b>	7,912	<b>18</b>	829
Non-current				
Pledged bank deposit	3,000	3,000	—	—
Cash and bank balances	<b>9,242</b>	10,912	<b>18</b>	829
Maximum exposure to credit risk	<b>9,236</b>	10,908	<b>18</b>	829

The short-term pledged bank deposits have been placed in designated banks as part of the securities provided for bank borrowings granted to the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 17 Cash and bank balances (continued)

The non-current pledged bank deposits represent minimum deposits to be maintained throughout the terms of the bank borrowings.

The interest rates for short-term pledged bank deposits was approximately 0.01% to 1.90% (2012: 0.001% to 1.7%) per annum. The deposits have a maturity of ranging from 90 to 180 days.

Cash and cash equivalents and pledged bank deposits are denominated in the following currencies:

	Group		Company	
	2013 US\$'000	2012 US\$'000	2013 US\$'000	2012 US\$'000
US dollar	9,164	10,837	2	805
Hong Kong dollar	70	67	16	24
Australian dollar	8	8	—	—
	<b>9,242</b>	10,912	<b>18</b>	829

### 18 Share capital

	2013 HK\$'000	2012 HK\$'000
Authorised: 1,000,000,000 ordinary shares of HK\$0.01 each	10,000	10,000
Issued and fully paid: 830,000,000 ordinary shares of HK\$0.01 each	1,064	1,064

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 19 Share option scheme — Group and Company

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 19 August 2011. Under the Scheme, the Board of Directors of the Company may grant options to eligible participants (the "Participants"). Participants of the Scheme includes: (a) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any subsidiary of the Company or any entity in which any member of the Group holds any equity interests ("Invested Entity"); (b) any non-executive directors (including independent non-executive directors) of the Company, any subsidiary of the Company or any Invested Entity; (c) any supplier of goods or services to any member of the Group or any Invested Entity; (d) any customer of any member of the Group or any Invested Entity; (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group; and (i) any company wholly owned by one or more eligible participants as referred to in (a) to (h) above.

- (i) The following table discloses details of the Company's share options held by employees (including directors) and movements in such holdings for the year ended 31 March 2013:

Date of grant	Exercise price HK\$	Vesting period	Exercisable period	Number of option (thousands)
— on 21 October 2011	1.15	21 October 2011 –20 October 2012	21 October 2012 –20 October 2021	5,900
— on 21 October 2011	1.15	21 October 2011 –20 October 2013	21 October 2013 –20 October 2021	5,900
— on 21 October 2011	1.15	21 October 2011 –20 October 2014	21 October 2014 –20 October 2021	5,900
Total share options				17,700

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 19 Share option scheme — Group and Company (continued)

- (ii) Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2013		2012	
	Average exercise price in HK\$ per share option	Number of options (thousands)	Average exercise price in HK\$ per share option	Number of options (thousands)
At 1 April	1.15	17,700	1.15	—
Granted	1.15	—	1.15	17,700
Expired	1.15	—	1.15	—
At 31 March	1.15	17,700	1.15	17,700

No option was exercised during 2013 (2012: nil).

At 31 March 2013, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 17,700,000 shares, representing 2.13% of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 21 days of the date of grant, upon payment of HK\$1 by each Participant. The vesting and exercise period of the share options granted is determinable at the entire discretion of the board of directors with the vesting period not exceeding three years and the exercise period will not exceed a period of ten years immediately after acceptance of grant. The exercise price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 20 Reserve

#### Group

	Share premium US\$'000	Share option reserve US\$'000	Special reserve US\$'000	Other reserves (Note) US\$'000	Retained profit US\$'000	Total US\$'000
At 1 April 2011	25,120	—	46	13,636	76,782	115,584
Comprehensive income:						
Loss for the year	—	—	—	—	(6,909)	(6,909)
Total comprehensive loss for the year, net of tax	—	—	—	—	(6,909)	(6,909)
	25,120	—	46	13,636	69,873	108,675
Total contributions by and distributions to owners of the Company recognised directly in equity						
Employee share option scheme:						
— Employee share-based compensation benefits	—	283	—	—	—	283
At 31 March 2012	25,120	283	46	13,636	69,873	108,958
At 1 April 2012	25,120	283	46	13,636	69,873	108,958
Comprehensive income:						
Loss for the year	—	—	—	—	(13,415)	(13,415)
Total comprehensive loss for the year, net of tax	—	—	—	—	(13,415)	(13,415)
Total contributions by and distributions to owners of the Company recognised directly in equity	25,120	283	46	13,636	56,458	95,543
Employee share option scheme:						
— Employee share-based compensation benefits	—	483	—	—	—	483
At 31 March 2013	25,120	766	46	13,636	56,458	96,026

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 20 Reserve (continued)

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

#### Company

	Share premium US\$'000	Share option reserve US\$'000	Other reserve US\$'000	Accumulated losses US\$'000	Total US\$'000
At 1 April 2011	25,120	—	77,443	(2,408)	100,155
Employee share-based compensation benefit	—	283	—	—	283
Loss for the year	—	—	—	(1,030)	(1,030)
At 31 March 2012	25,120	283	77,443	(3,438)	99,408
Employee share-based compensation benefit	—	483	—	—	483
Loss for the year	—	—	—	(26,740)	(26,740)
At 31 March 2013	25,120	766	77,443	(30,178)	73,151

### 21 Bank borrowings

	Group		Company	
	2013 US\$'000	2012 US\$'000	2013 US\$'000	2012 US\$'000
Non-current Bank borrowings	37,237	41,723	—	—
Current Bank borrowings	4,486	5,485	—	—
	41,723	47,208	—	—
Total bank borrowings	41,723	47,208	—	—



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 21 Bank borrowings (continued)

The Group's and the Company's bank borrowings were repayable as follows:

	Group borrowings		Company borrowings	
	2013 US\$'000	2012 US\$'000	2013 US\$'000	2012 US\$'000
Within 1 year	4,486	5,485	—	—
Between 1 and 2 years	4,486	4,486	—	—
Between 2 and 5 years	32,751	16,659	—	—
Over 5 years	—	20,578	—	—
	<b>41,723</b>	47,208	—	—

The effective interest rates at the balance sheet date were as follows:

	2013	2012
Bank borrowings	2.75%	2.97%

The carrying amounts of the Group's bank borrowings are denominated in US dollars.

The fair value of the bank borrowings approximate their carrying amounts which bear interest at floating rates that are market dependent.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 22 Other payables and accruals

	Group		Company	
	2013 US\$'000	2012 US\$'000	2013 US\$'000	2012 US\$'000
Other payables and accruals	1,342	1,245	22	45
Receipt in advance from charterers	1,781	1,378	—	—
	<b>3,123</b>	2,623	<b>22</b>	45

The carrying amounts of other payables and accruals approximate their fair values.

The carrying amounts of other payables and accruals are denominated in the following currencies:

	Group		Company	
	2013 US\$'000	2012 US\$'000	2013 US\$'000	2012 US\$'000
US dollar	2,886	2,263	—	—
Hong Kong dollar	237	360	22	45
	<b>3,123</b>	2,623	<b>22</b>	45

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 23 Finance lease receivable

	Group					
	2013			2012		
	Gross receivables US\$'000	Unearned finance income US\$'000	Present value of minimum lease payment receivables US\$'000	Gross receivables US\$'000	Unearned finance income US\$'000	Present value of minimum lease payment receivables US\$'000
Amount receivable under finance leases:						
Current portion	2,000	(133)	1,867	—	—	—
Non-current portion						
– later than 1 year and no later than 5 years	—	—	—	2,000	(315)	1,685
	<b>2,000</b>	<b>(133)</b>	<b>1,867</b>	2,000	(315)	1,685

The Group entered into a 5-year finance lease contract for leasing of a vessel in May 2008. The vessel was derecognized 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 2013 and 2012. 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. The finance lease receivable is neither past due nor impaired.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 24 Notes to consolidated statement of cash flows

#### Cash generated from operations

	2013 US\$'000	2012 US\$'000
Loss before income tax	(13,415)	(6,909)
Adjustments for:		
— Finance costs	1,324	1,580
— Finance income	(189)	(177)
— Depreciation	9,133	11,992
— Share options granted to directors and employees	483	283
— Impairment loss of property, plant and equipment	7,700	7,707
	<b>5,036</b>	14,476
Changes in working capital:		
— Trade and other receivables	1,719	(2,798)
— Inventories	(696)	—
— Other payables and accruals	500	(1,135)
Cash generated from operations	<b>6,559</b>	10,543

### 25 Commitments

#### (a) Operating lease commitments — Group as lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2013 US\$'000	2012 US\$'000
Office premise Not later than one year	<b>286</b>	267

#### (b) Operating lease commitments — Group as lessor

At 31 March 2013, the Group has the following future aggregate minimum lease receivables under non-cancellable operating leases in relation to chartering of vessels. There vessels chartering agreements have varying terms ranging from 1 to 3 months:

	2013 US\$'000	2012 US\$'000
Vessels Not later than one year	<b>2,168</b>	1,545

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 26 Related party transactions

The ultimate and immediate holding company of the Company is Ablaze Rich Investments Limited, a company incorporated in the British Virgin Islands with limited liability. The ultimate controlling shareholders of Ablaze Rich Investments Limited are Mr. Yan Kim Po and Ms Lam Kwan.

#### (a) Significant transactions with related parties

During the years ended 31 March 2013 and 2012, the Group had the following significant transactions with its related companies.

All of the transactions were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties. They were summarised as follows:

	2013 US\$'000	2012 US\$'000
Voyage charter income ( <i>note i</i> )	—	676
Rental expenses ( <i>note ii</i> )	267	267

Notes:

- (i) On 25 February 2011, the Group entered into the chartering agreements with related companies (collectively the "Charterer"), pursuant to which the Group has agreed to charter out its capsized 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 transactions under the Chartering Agreement had already been completed in 2011.
- (ii) Rental expenses paid to a related company were charged at rates as mutually agreed.

#### (b) Key management compensation

Key management includes directors (executive and non-executive) and senior management. The compensation paid or payable to key management for employee services is shown below:

	2013 US\$'000	2012 US\$'000
Short-term employee benefits	860	867
Post-employment benefits	10	9
Share option granted to directors and employees	483	283
	<b>1,353</b>	1,159

### 27 Approval of consolidated financial statements

The consolidated financial statements were approved by the Board of Directors on 28 June 2013.