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

(incorporated in the Cayman Islands with limited liability)
Stock code: 3683

ANNUAL REPORT 2016

CONTENTS

GLOSSARY

"Ablaze Rich"	Ablaze Rich Investments Limited (耀豐投資有限公司), a company incorporated in the BVI on 1 July 2008 and the holding company of the Company
"Acquisition"	the acquisition of the entire issued share capital of Top Build by the Company from Mr. Yan, Ms. Lam and Mr. Yin Hai pursuant to the Sale and Purchase Agreement
"Articles"	the articles of association of the Company
"Audit Committee"	the audit committee of the Board
"Baltic Dry Index"	an index of the daily average of international shipping prices of various dry bulk cargoes made up of 20 key dry bulk routes published by the Baltic Exchange in London
"Baltic Panamax Index"	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
"Board"	the board of Directors
"Bryance Group"	Bryance Group Limited, a company incorporated in the BVI on 28 September 2006 and a wholly-owned subsidiary of the Company
"BVI"	the British Virgin Islands
"CG Code"	Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules
"Company"	Great Harvest Maeta Group Holdings Limited (榮豐聯合控股有限公司), an exempted company incorporated in the Cayman Islands on 21 April 2010 under the Companies Laws, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with limited liability
"Daily TCE"	an acronym for daily time charter equivalent, a standard industry measurement of the average daily revenue performance of a vessel. 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
"Director(s)"	director(s) of the Company
"dwt"	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
"First Completion"	the completion of the issue and subscription of the First Convertible Bonds in accordance with the terms and conditions of the Subscription Agreement
"First Convertible Bonds"	the first tranche of convertible bonds in the principal amount of US$3,000,000 due 2018 issued by the Company for subscription by Ablaze Rich pursuant to the terms and conditions of the Subscription Agreement

GLOSSARY

"GH FORTUNE/GH PROSPERITY Loan"	a term loan for the aggregate principal amount of US$16 million in two tranches for the purpose of financing or refinancing the acquisition costs of GH FORTUNE and GH PROSPERITY. US$10.4 million of the principal amount of such term loan shall be repaid by 20 quarterly instalments, and US$5.6 million thereof shall be repaid by 12 quarterly instalments, commencing three months from 5 December 2013
"GH GLORY Loan"	a term loan for the principal amount of US$26 million for financing the acquisition costs 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
"GH HARMONY Loan"	a term loan for the principal amount of US$16 million for financing the acquisition costs of GH HARMONY. The principal amount of the bank loan shall be repayable by 28 consecutive quarterly instalments commencing three months from 14 July 2014
"GH POWER Loan"	a term loan for the principal amount of US$39 million for financing the acquisition costs of GH POWER. The principal amount shall be repaid by 40 quarterly instalments commencing three months from 11 February 2008
"Great Ocean"	Great Ocean Shipping Limited (浩洋船務有限公司), a company incorporated in the BVI on 29 September 2006 and a wholly-owned subsidiary of the Company
"Greater Shipping"	Greater Shipping Co., Ltd. (榮達船務有限公司), a company incorporated in the BVI on 31 May 2002 and a wholly-owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"HK$" and "HK cents"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Joy Ocean"	Joy Ocean Shipping Limited (悦洋船務有限公司), a company incorporated in the BVI on 21 October 2004 and a wholly-owned subsidiary of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market operated by the Stock Exchange, which excludes the Growth Enterprise Market of the Stock Exchange and the options market
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Mr. Yan"	Mr. YAN Kim Po (殷劍波先生), the chairman of the Board, an executive Director and the husband of Ms. Lam
"Ms. Lam"	Ms. LAM Kwan (林群女士), the chief executive officer of the Company, an executive Director and the wife of Mr. Yan
"Nomination Committee"	the nomination committee of the Board
"PRC" or "China"	the People's Republic of China which, for the purposes of this annual report only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

GLOSSARY

"Prosperity Plus"	Prosperity Plus Enterprises Limited, a company incorporated in the BVI on 21 March 2011 and a wholly-owned subsidiary of the Company
"Remuneration Committee"	the remuneration committee of the Board
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the agreement dated 23 December 2015 entered into between the Company, Mr. Yan, Ms. Lam and Mr. Yin Hai in relation to, among other matters, the Acquisition
"Second Convertible Bonds"	the second tranche of convertible bonds in the principal amount of US$5,000,000 to be issued by the Company for subscription by Ablaze Rich pursuant to the terms and conditions of the Subscription Agreement. As disclosed in the Company's announcement dated 2 September 2014, the issue of the Second Convertible Bonds did not proceed to completion and had lapsed accordingly
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Share Option Scheme"	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
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Agreement"	the agreement dated 5 July 2013 and entered into between the Company and Ablaze Rich in respect of the subscription of the First Convertible Bonds and the Second Convertible Bonds
"Top Build"	Top Build Group Ltd. (高建集團有限公司), a company incorporated in the BVI on 24 October 2014 and a wholly-owned subsidiary of the Company
"Top Build Convertible Bonds"	the convertible bonds in the total principal amount of US$54,000,000 due 2021 issued by the Company to Mr. Yan, Ms. Lam and Mr. Yin Hai pursuant to the terms and conditions of the Sale and Purchase Agreement
"Union Apex"	Union Apex Mega Shipping Limited (聯合佳成船務有限公司), a company incorporated in Hong Kong on 2 December 2009 and a wholly-owned subsidiary of the Company
"United Edge"	United Edge Holdings Limited, a company incorporated in the BVI on 18 April 2013 and a wholly-owned subsidiary of the Company
"US$" and "US cents"	United States dollars and cents, respectively, the lawful currency of the United States
"Way Ocean"	Way Ocean Shipping Limited, a company incorporated in the BVI on 8 October 2010 and a wholly-owned subsidiary of the Company

CORPORATE INFORMATION

Board of Directors

Executive Directors

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

Independent non-executive Directors

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

Remuneration Committee

Dr. 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)
Dr. 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
Level 22, Hopewell Centre
183 Queen's Road East
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

FIVE YEAR FINANCIAL SUMMARY

	2016	2015	2014	2013	2012
	US$'000	US$'000	US$'000	US$'000	US$'000
Results					
(Loss)/profit attributable to owners of the Company	**(40,240)**	(37,406)	(6,612)	(13,415)	(6,909)
Assets and liabilities					
Total assets	**80,752**	116,505	142,204	141,936	159,853
Total liabilities	**(46,325)**	(63,156)	(51,513)	(44,846)	(49,831)
Net assets	**34,427**	53,349	90,691	97,090	110,022

CHAIRMAN'S STATEMENT

Dear shareholders,

In the year of 2015, the global economy had recovered at a slow pace and the uncertainty of growth had risen, with the growth of trade slowed down. Although the growth of international trade volume and demand for marine transportation was maintained, the extent of growth was lower than expected. Although continuous increase of the import volume of major dry bulk cargoes (such as iron ore) in the Chinese market and also the growth of demand for marine transportation of dry bulk cargoes were both maintained, the import volume of coal had declined to a larger extent under the influence of various factors. Despite the decreasing number of newly-built vessels delivered, the bulk fleet capacity remained in a net increase position and such increase was larger than the rise in marine transportation demand, leaving the supply glut of the dry bulk fleet intact. For vessel owners, the spot market is still unstable and subject to increasing fluctuations, while the oversupply of shipping capacity led to the depressed dry bulk freight and the challenging operating environment.

During the past year, the average age of our fleet decreased to 10 years as a result of the disposal of an 18-year-old panamax dry bulk vessel, with our fleet size slightly decreased. The adjusted fleet size was 319,923 dwt. Under the volatile market, the Group still maintained proactive and prudent operating strategies, with a fleet occupancy rate of approximately 97.74% and a total of approximately 1,477 days of occupancy throughout the year, carrying an aggregate of 1,461,097 tons of cargoes, achieving an average daily charter rate of approximately US$4,967, with a recovery rate of close to 100% for receipt of charter hire during the year.

Looking forward to the coming year, difficulties and challenges remain in the dry bulk marine transportation market, and the market is rather pessimistic about the spot dry bulk freight rate and believes that freight income will hover at low levels. Meanwhile, the imbalance of supply and demand of vessels in the dry bulk freight market is still considered to be the major factor determining the freight market trend of this year. With reference to the forecast of the International Monetary Fund (IMF), the overall economy and international trade volume are predicted to grow at an annual rate of 3.2% and 3.4% respectively. Therefore, we expect that the demand for marine transportation of dry bulk cargoes will grow accordingly, and the delivery of newly-built vessels could be kept at a lower level, which will, to a certain extent, be a positive factor contributing to adjustment of the current oversupply of vessels in the dry bulk marine transportation market. Nevertheless, the growth of Chinese import of dry bulk cargoes (which has a greater impact on the demand for marine transportation) may be subject to change under the background of China's economic adjustment, especially at the strict control of carbon emissions under China's policy and the negative growth of the coal import in China. It is foreseeable that the freight market will likely be in a depressed state and subject to substantial fluctuation until recovery of balance between supply and demand of shipping capacity.

With difficult market condition and challenging operating environment ahead, the Group will maintain its prudent operating strategies of enhancing daily management of vessels, providing better transportation service to customers, enhancing efforts in expanding the operational revenue of the Group and also strictly controlling operating cost. Our vessels mainly carry major dry bulk cargoes, such as coal, iron ore and grains. In order to expand our scope of business, the Group is actively expanding more operations other than the shipping businesses in order to seek new sources of income.

Driven by the PRC's strong economic growth and development, the PRC's flower and plant market had grown substantially in the past five years. The size of the market is expanding and the export turnover increased dramatically between 2010 and 2013. Capturing these opportunities, the Group is well positioned to further invest in this market to diversify its business and improve its cash flow and financial performance.

Lastly, on behalf of the Board, I would like to express my gratitude to all the shareholders for their support to the Group, and to all the staff for their dedication and commitment 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.

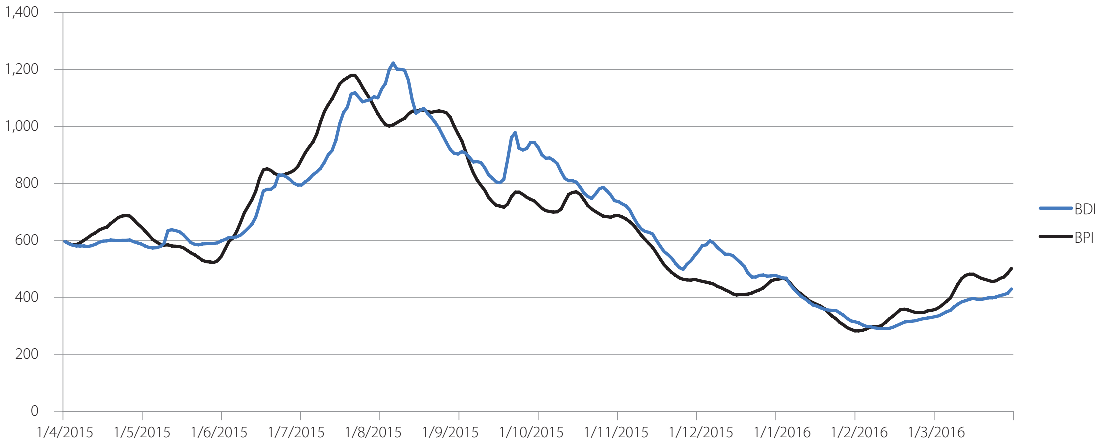
YAN Kim Po
Chairman

30 June 2016

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

Daily Variation Chart of Baltic Dry Index (BDI) and Baltic Panamax Index (BPI)
1 April 2015–31 March 2016



BDI year-high at 1,222 in August 2015, year-low at 290 in February 2016, year-average at 654.95
BPI year-high at 1,179 in July 2015, year-low at 282 in February 2016, year-average at 642.00

2015 was another very difficult year for the dry bulk marine transportation industry. The freight rate of dry bulk cargoes has been stagnant since early 2015. During the year ended 31 March 2016, the Baltic Dry Index continuously broke the record of its lowest level. Taking panamax vessels as example, the average Baltic Dry Index was 642 points in the year ended 31 March 2016, dropping by 146 points from 788 points last year, which represented a decrease by approximately 18%. The average daily charter rate recorded by the Baltic Dry Index was US$5,130, which represented a decrease of approximately US$1,199 as compared to the daily rate US$6,329 last year. The reason for the plight of the freight market remained attributable to the oversupply of dry bulk vessels. According to the statistics of vessel agencies, the dry bulk fleet further expanded by approximately 2% in 2015, notwithstanding the oversupply of dry bulk vessels in 2014. Nevertheless, the demand for marine transportation of dry bulk cargoes recorded zero increase, which intensified the contradiction of demand-supply imbalance of dry bulk vessels. Since it is unlikely to see a surge in the demand for marine transportation of dry bulk cargoes, the demand-supply contradiction of dry bulk vessels will still be the main factor for the suppression of the freight rate, which could only be alleviated and changed over a relatively long period of time.

During the period between July and August in 2015, the freight rate rebounded in the spot market. The Baltic Dry Index once hit its yearly high of 1,222 points, which only reflected the increasing volatility in the freight market, with the spot freight rate still hovering at low levels.

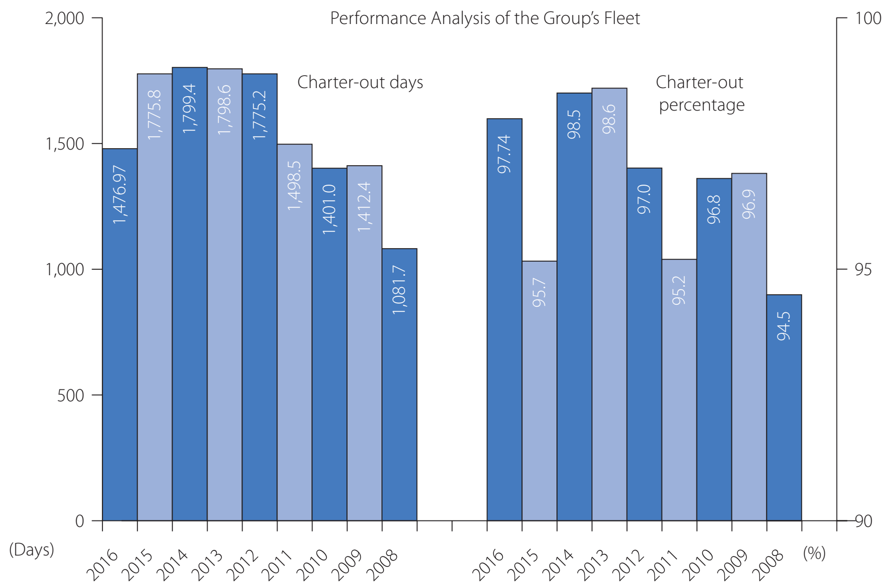
Given the slow global economic growth, there was zero increase in demand for marine transportation of dry bulk cargoes in 2015. There had once been a hope on the China's import volume of dry bulk cargo, yet it failed to meet the market expectation. Furthermore, there were a plunge in coal import and also an overall decrease in import volume of dry bulk cargoes. The dry bulk fleet size recorded a net growth of approximately 18.12 million dwt this year, putting considerable pressure on the freight market. Due to the depressed freight market, the price for second-hand vessels slumped, extending the double depression of freight rate and vessel price in the dry bulk marine transportation market.

MANAGEMENT DISCUSSION AND ANALYSIS

However, there are currently some slightly positive factors for the dry bulk marine transportation market. Firstly, China's import of iron ore could be maintained at more than 900 million tons. Secondly, there was an increase in the volumes of bulk grain import and steel/fertiliser export in China. These two factors were supportive to the struggling freight market of the dry bulk vessels. In addition, the considerable reduction in bunker fuel price can lower the transportation costs. It is anticipated that the increase in vessel dismantling will alleviate the imbalance between demand and supply and eventually lead to a recovery in the spot freight market.

Vessel owners were under great operating pressure due to the depressed freight rate of dry bulk vessels. Besides, new policies and regulations promulgated in various areas around the world further pushed up the operating and management costs of vessels. In particular, both the implementation of new environmental regulations and the use of ultralow sulphur fuel are causing the vessel owners to face the severe operating environment.

Business Review



The Group's vessels were under sound operation in the year ended 31 March 2016. The size of the Group's fleet has a total carrying capacity of 319,923 dwt, and the average age of the fleet is 10 years. The fleet maintained a high operational level with an occupancy rate of 97.74% this year. The average daily charter rate of the Group's vessels was approximately US$4,967, which represented a decrease of approximately 34% as compared to the corresponding period last year. The reasons for the income decline were that the freight rate of dry bulk cargoes in the spot market was lower than that in 2015, and the daily charter rate of the fleet's 90,000 ton post-panamax vessel(s) was lower than that of standard vessels, which dragged down the overall income of the fleet. If only the standard vessels are considered, the daily income of the fleet was slightly higher than the market income of the vessels of the same kind. The Group's fleet achieved a record of safe operation with zero adverse incident, and all vessels were operating in the spot market for the year ended 31 March 2016. The Group was able to exert stringent control over costs and expenses in the course of vessel management and strived to minimise voyage expenses to maintain the management expenses of the vessels within budget.

MANAGEMENT DISCUSSION AND ANALYSIS

In order to reduce operational risks and achieve better operational efficiency, the Group will continue to uphold its proactive and prudent operating strategies and seek to charter out its vessels to reputable charterers while endeavouring to provide the best services to charterers, so as to maintain a favourable market image.

On 14 April 2015, the Group entered into a memorandum of understanding with an independent third party to dispose of a panamax dry bulk vessel at a consideration of US$3,690,000 (equivalent to approximately HK$28,782,000). The vessel was delivered to the purchaser and the disposal was completed on 18 May 2015.

As at the date of this annual report, the Group's fleet comprised four panamax dry bulk vessels, namely GH FORTUNE, GH POWER, GH GLORY and GH HARMONY, with a total carrying capacity of approximately 319,923 dwt.

On 1 October 2015, the Group acquired Access Key Investment Limited, which is interested in the entire issued share capital of Well Century International Limited ("WCI"), a company incorporated in Hong Kong and holding money lenders licence, from Mr. Yan and Ms. Lam at a total consideration of US$10,000 which was determined based on the total assets of these companies. The money lending business of the Group commenced operation in October 2015 and an interest income of approximately US$0.5 million was generated for the six months ended 31 March 2016. As at 31 March 2016, the outstanding loan receivables amounted to approximately US$6.8 million.

In addition, on 4 November 2015, the Group acquired Delight Beauty Investments Limited ("DBI"), a company incorporated in the BVI. The Group intends to conduct securities investment through DBI. As at the date of this annual report, DBI has not yet commenced operation.

On 23 December 2015, the Company, Mr. Yan, Ms. Lam and Mr. Yin Hai entered into the Sale and Purchase Agreement pursuant to which the Company agreed to acquire from Mr. Yan, Ms. Lam and Mr. Yin Hai the entire issued share capital of Top Build for a total consideration of US$54.0 million which was settled by way of issue of convertible bonds in the total principal amount of US$54.0 million, which may be converted into 381,843,064 Shares at the conversion price of HK$1.096 per Share at the exchange rate of HK$7.75 to US$1.0. Top Build indirectly via its subsidiaries holds 91% interest in 海南華儲實業有限公司 which holds two parcels of land located at Meidian Slope, Hongqi Town, Qiongshan District, Haikou, Hainan Province, the PRC (the "Lands"). Completion of the acquisition took place on 10 May 2016. According to the preliminary development proposal of the Lands, the development of the Lands will comprise (i) a trading centre and exhibition facilities for trading in tree seedlings and other nursery stocks; (ii) services apartments; and (iii) office, retail, car parking and other ancillary facilities.

Further details of the Acquisition and the Top Build Convertible Bonds are set out in the announcements of the Company dated 23 December 2015 and 10 May 2016, and the circular of the Company dated 15 April 2016.

Outlook

The market is pessimistic about the outlook of the spot freight rate for dry bulk cargoes in 2016. It is believed that both the spot freight rate and average daily income of vessels will stay at low levels. Taking Panamax vessels as an example, market statistics show that the average daily charter rate was only US$2,901 as of the first quarter of 2016, and there will be no substantial change to the current supply glut of vessels. Although the increment in the number of dry bulk vessels this year is already at the rough of recent years, the growth in dry bulk marine transportation is predicted to be zero in 2016. Therefore, the spot freight market has been under downward pressure. The International Monetary Fund (IMF) has been lowering its forecast of the global economic growth of this year. With the latest forecast economic growth rate being 3.2% and international trade volume being only 3.4%, both have little positive impact on the growth of demand for marine transportation. Given the bleak global economic growth, the oversupply of dry bulk vessels will continue to affect the freight market and keep the spot freight rate at low levels. Notwithstanding that the seasonal demand for transportation could strengthen the short-term demand growth at particular times and locations, its impact on the overall market is limited. In addition, the new canal in Panama has allowed vessel transport in June this year, leading to changes on trading pattern of vessel operation. Therefore, its impact on marine transportation demand is yet to be observed by the market.

According to statistics from shipping broker companies, marine transportation demand from major dry bulk cargoes such as iron ore and coal would not increase much this year. Provided that there is no expansion in the Chinese steel industry, there would only be approximately 2% change on marine transportation demand from iron ore throughout the year. With the significant drop of 100 million tons of marine transportation demand from coal last year, it is expected that the marine transportation demand would be unchanged this year and without further reduction. Meanwhile, changes in the volume of other cargoes would only have little influence on the overall demand growth of marine transportation of dry bulk cargoes. However, after entering the grain loading season in South America, the congestion at the grain loading ports has become more serious, and the current waiting time for the grain loading of vessels has reached the length of one month. Such situation reduces the availability of these vessels, which in turn affects the utilisation rate of and alleviates the pressure of the oversupply situation of corresponding vessel types. There are some positive factors in the freight rate market of dry bulk cargoes, which will play a supportive role in the market. For example, with the rapid economic growth in India, there will be a larger increase of coal import to India and the demand for dry bulk vessels will also increase. Previously the bauxite imported to China was mainly the export from Indonesia, but China has to switch to areas with longer transportation distance for bauxite import (such as West Africa) due to the restriction on raw ore export imposed by Indonesian government, and thereby increasing the mileage of marine transportation of vessels. The dry bulk fleet is expected to grow at a slower pace of 2% this year when full delivery is made for of the orders of newly-built vessels. Nevertheless, the market still hopes to alleviate the fleet expansion by dismantling more old vessels in order to facilitate a spot freight rebound. Recently, the price for bunker fuel has declined which is attributable to falling crude oil price and is expected to stay low for a longer period. This will have a positive impact on vessel operations.

Given the depressed spot freight market, the Group will maintain its prudent operating strategies by enhancing the daily management of vessels, providing better transportation services to customers and seeking for more reputable and reliable charterers at higher rates, thus generating more operational revenue for the Group. Meanwhile, the Group will strictly control operating costs and reduce all unnecessary expenses. The Group continues to identify new development opportunities and/or expand its scope of business and diversify its income streams by expanding more operations other than the shipping business.

Driven by the PRC's strong economic growth and development, the PRC's flower and plant market had grown substantially in the past five years. The size of the PRC flower and plant market had been growing at a compound annual growth rate ("CAGR") of approximately 18.85% between 2010 and 2014 and the total value of flower and plant exported from the PRC had grown significantly by a CAGR of approximately 12.30% between 2010 and 2013. Currently, there is no sizable and professionally managed flower and plant wholesale trade centre established in Guangdong, Guangxi and Hainan Provinces of the PRC. Moreover, according to the 12th five year plan of the PRC government, Hongqi Town, where the Land is located, is regarded as one of the national core development towns of the PRC with a view to developing Hongqi Town into a key tourist spot within the region. Based on the available information, the latest development plan of Hongqi Town will comprise of, among other things, a hi-technology business zone for plantation of tropical flowers and tree saplings, a floral exhibition theme park, and areas for hotel. Upon completion of the envisaged developments above, it is expected that Hongqi Town will become one of the core tropical flower and plant hi-technology plantation zone in Hainan Province. The Acquisition not only diversifies the Group's business and increase the Group's income streams, but also brings a long term and stable income to improve the Group's financial performance.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

Revenue

Revenue of the Group decreased from approximately US$15.2 million for the year ended 31 March 2015 to approximately US$9.1 million for the year ended 31 March 2016, representing a decrease of approximately US$6.1 million, or approximately 39.9%. It comprised chartering income of US$8.7 million (2015: US$15.2 million) and interest income from the newly acquired money lending business of approximately US$0.5 million (2015: Nil). Time charter income of approximately US$7.8 million (constituted approximately 90.3% of the chartering revenue of the Group) (2015: approximately US$14.0 million, constituted approximately 91.9% of the chartering revenue of the Group) and voyage charter income of approximately US$0.9 million (constituted approximately 9.7% of the chartering revenue of the Group) (2015: approximately US$1.2 million, constituted approximately 8.1% of the chartering revenue of the Group) for the year ended 31 March 2016. Such decrease in revenue of the Group was mainly attributable to the decrease in average daily time charter equivalent ("Daily TCE") of the Group's fleet and with the handover of a vessel of the Group in May 2015, the Group's fleet reduced from five vessels to four vessels. The average Daily TCE of the Group's fleet decreased from approximately US$7,571 for the year ended 31 March 2015 to approximately US$4,967 for the year ended 31 March 2016, which represented a decrease of approximately 34% as compared to last year.

Cost of services

Cost of services of the Group decreased from approximately US$21.8 million for the year ended 31 March 2015 to approximately US$15.0 million for the year ended 31 March 2016, representing a decrease of approximately US$6.8 million or approximately 31.4%. The decrease of cost of services was mainly due to the reduction of the Group's fleet size and decrease in depreciation after impairment of vessels recognized in the year ended 31 March 2015.

Gross profit/loss

The Group recorded gross loss of approximately US$5.9 million for the year ended 31 March 2016 as compared with gross loss of approximately US$6.7 million for the year ended 31 March 2015, representing a difference of approximately US$0.8 million, while the gross margin deteriorated from approximately –43.8% for the year ended 31 March 2015 to approximately –64.2% for the year ended 31 March 2016. The deterioration in gross margin of the Group was mainly attributable to the decrease in average Daily TCE of the Group's fleet size.

General and administrative expenses

General and administrative expenses of the Group increased by approximately US$0.5 million or approximately 19.9%, which was mainly due to the share options granted on 30 April 2015 being fully accounted for as expenses and decrease in other administrative expenses of approximately US$0.3 million during the year ended 31 March 2016.

Finance costs

Finance costs of the Group decreased from approximately US$2.2 million for the year ended 31 March 2015 to approximately US$2.1 million for the year ended 31 March 2016, representing a decrease of approximately US$0.1 million or approximately 3.2%. Such decrease was mainly attributable to the repayment of loan from ultimate holding company.

Loss and total comprehensive loss for the year

The Group incurred a loss of approximately US$40.2 million for the year ended 31 March 2016 as compared with approximately US$37.4 million for the year ended 31 March 2015. Such change was mainly due to (i) the decrease in the gross loss of the Group of approximately US$0.8 million; (ii) the impairment losses of approximately US$29.6 million of the Group's vessels (2015: US$25.6 million), and (iii) the loss of approximately US$0.5 million on disposal of a vessel incurred during the year ended 31 March 2015.

Liquidity, financial resources, capital structure and gearing ratio

As at 31 March 2016, the Group's cash and cash equivalent amounted to approximately US$0.9 million (2015: approximately US$0.4 million), of which approximately 33.3% was denominated in US$ and approximately 66.5% in HK$. Outstanding bank loans amounted to approximately US$41.2 million (2015: approximately US$54.2 million) and other borrowings amounted to approximately US$3.8 million (2015: approximately US$6.6 million), which were denominated in US$.

As at 31 March 2015 and 31 March 2016, the Group had a gearing ratio (being the bank loans and other borrowings of the Group divided by the total assets of the Group) of approximately 52.2% and 55.7% respectively. The increase in gearing ratio as at 31 March 2016 was mainly due to the impairment of vessels recognized during the year which had substantially reduced the total assets of the Group despite a bank loan and loan from ultimate holding company had been repaid during the year ended 31 March 2016.

The Group recorded net current liabilities of approximately US$31.8 million as at 31 March 2016 and approximately US$2.3 million as at 31 March 2015. Such deterioration was mainly due to the non-current bank borrowings of approximately US$34.4 million being reclassified as current liabilities as at 31 March 2016 for the Group had failed to comply with an undertaking requirement of certain bank borrowings.

The Group monitors the current and expected liquidity requirements regularly to mitigate the effects of fluctuations in cash flows. The Company has entered into two loan facility agreements with Ablaze Rich on 17 February 2015 and 28 April 2015 for loan facilities in the total amount of US$3,000,000 (the "First Facility") and US$2,000,000 (the "Second Facility") respectively. The full loan amount had been drawn down by the Company under the First Facility and would be repayable on or before 16 February 2017, while US$1,000,000 had been drawn down by the Company under the Second Facility and would be repayable on or before 27 April 2017. Both loan facilities were unsecured and carried an interest of 4% per annum. As at 31 March 2016, the drawn amount under the First Facility and the Second Facility had been fully repaid by the Company with the net proceeds from the placing of new Shares in June 2015. The disinterested members of the Board (including the independent non-executive Directors) consider that as the First Facility and Second Facility are on terms that are normal commercial terms or better and are not secured by the assets of the Group, the receipt of financial assistance by the Group thereunder are fully exempt under Rule 14A.90 of the Listing Rules.

Up to the date of this annual report, the Company has come up with one of the banks an arrangement to remediate the undertaking requirement of bank borrowings. The management maintains continuous communication with the banks and the Directors are of the opinion that bank borrowings will continue to be available to the Group for the next twelve months from 31 March 2016.

On 29 June 2016, the Company entered into a deed of funding undertakings (the "Deed") with Ablaze Rich, Mr. Yan and Ms. Lam pursuant to which Ablaze Rich, Mr. Yan and Ms. Lam have undertaken to provide funding to the Group when funding notice shall be issued by the Company within twelve months of the date of the deed. The funding when provided

MANAGEMENT DISCUSSION AND ANALYSIS

shall be treated as an "advance" to the Company from Ablaze Rich, Mr. Yan and Ms. Lam and shall be repayable by the Company after at least twelve months from the funding draw down date. The total amount of the aforesaid advances outstanding at any time shall not exceed US$30 million. The undertakings shall cease to have effect after twelve months from the date of the deed or upon the Company or any member of the Group having obtained long-term external bank borrowings or other sources of long-term financing with a principal amount of not less than US$30 million, whichever is the earlier.

The Group has been negotiating with a targeted bank to issue convertible bonds of US$35 million with a maturity period of thirty-six months. The Directors expect the funds from the issuance of the convertible bonds will be completed by end of November 2016.

The Directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations.

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 and other financing means which the Company may from time to time consider appropriate.

Convertible Bonds

On 5 July 2013, the Company entered into the Subscription Agreement with Ablaze Rich in respect of the issue and subscription of the First Convertible Bonds in an aggregate principal amount of US$3,000,000, which may be converted into 19,763,513 Shares at the conversion price of HK$1.184 per conversion share at the exchange rate of HK$7.8 to US$1.0.

The completion of the Subscription Agreement took place on 2 September 2013. The net proceeds from the issue of the First Convertible Bonds had been fully utilised as general working capital of the Group.

Further details of the issue of the First Convertible Bonds are set out in the announcements of the Company dated 5 July 2013 and 2 September 2013, and the circular of the Company dated 23 July 2013.

As at 31 March 2016, the entire principal amount of the First Convertible Bonds remained outstanding.

Placing of new Shares under general mandate

On 9 June 2015, the Company entered into a placing agreement ("Placing Agreement") with a placing agent, pursuant to which the placing agent has agreed to place, on a best endeavour basis, up to 83,000,000 new Shares to not less than six placees at the placing price of HK$1.982 per Share. The closing price as quoted on the Stock Exchange on 9 June 2015, being the date of the Placing Agreement, was HK$2.15 per Share. The Placing Agreement was completed and a total of 83,000,000 Shares were allotted and issued on 23 June 2015 to not less than six placees. The Company considered that it was in the interests of the Company to raise capital from the equity market in order to enhance the capital base of the Company. Please refer to the announcements of the Company dated 9 June 2015 and 23 June 2015 for details of the Placing Agreement. The net proceeds, after deducting related placing commission, professional fees and all related expenses, were approximately US$20 million (equivalent to a net price of approximately HK$1.880 per Share). The Company intends to use the net proceeds for the Group's general working capital purposes. As at 31 March 2016, the net proceeds had been utilised by the Group for repayment of the First Facility and the Second Facility, the money lending business and general working capital.

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.

The Group had entered into an interest rate swap to hedge for the future fluctuations of London Interbank offered rate or cost of fund arising from the Group's variable-rate borrowings. The total notional principal amount of the outstanding interest rate swap as at 31 March 2016 was US$12 million (2015: US$13.1 million).

Bank loans and disclosure under Rules 13.13 to 13.19 of the Listing Rules

Pursuant to Rule 13.18 of the Rules Governing the Listing of Securities on the Stock Exchange (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 2016, the Group recorded outstanding bank loans of approximately US$41.2 million and all the bank loans carried interest at floating rate. The bank loans, namely the GH FORTUNE/GH PROSPERITY Loan, the GH POWER Loan, the GH GLORY Loan and the GH HARMONY Loan, were for financing the acquisition costs 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 the Group;
- assignment of the charter-hire income and insurance in respect of the vessels held by the Group;
- charges over shares of each of the Group companies holding those vessels.

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 GH POWER 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 without the lender's prior consent.

On 18 May 2015, the disposal of GH PROSPERITY was completed and the outstanding amounts under such tranche of the GH FORTUNE/GH PROSPERITY Loan were fully repaid on the same date.

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 2016, the Group had pledged the following assets to banks as securities against banking facilities granted to the Group:

	2016 US$'000	2015 US$'000
Property, plant and equipment	68,468	102,932
Asset classified as held for sale	—	3,608
Pledged bank deposits	3,313	7,152
	71,781	113,692

Contingent liabilities

The Group had no material contingent liabilities as at 31 March 2016.

Employees' remuneration and retirement scheme arrangements

As at 31 March 2016, the Group had 93 employees (2015: 120 employees). For the year ended 31 March 2016, the total salaries and related costs (including Directors' fees and share-based payments) amounted to approximately US$5.4 million (2015: US$5.7 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 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 54, 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 Life Honorary President 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 Sha Tin District Junior Police Call, the Honorary President of the Fire Safety Ambassador Club and Shatin Sports Association. Mr. Yan is currently a director of Ablaze Rich, which has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Ms. LAM Kwan (林群), aged 48, 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 vice-chairman of Pok Oi Hospital, an honorary director of Hong Kong Baptist University Foundation, a director of the Hong Kong Energy and Minerals United Associations (International) Limited 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 Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Mr. CAO Jiancheng (曹建成), aged 59, 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 33 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 as an operator, chartering member, deputy manager, manager and vice-president from 1989 to 2000. He had 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

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

of Maritime Affairs of the Ministry of Transport of The Republic of Liberia. Mr. Cao has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Independent non-executive Directors

Mr. CHEUNG Kwan Hung (張鈞鴻), aged 64, has been serving as an independent non-executive Director of the Company since September 2010. Mr. Cheung graduated from Hong Kong Polytechnic with a Higher Diploma in Accountancy in 1978 and is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Cheung has extensive experience in accounting, finance, corporate management and investment banking, specializing in equity/debt fund raising, mergers and acquisitions and corporate and debt restructuring, as well as private financial consultancy work. 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). Mr. Cheung had been an independent non-executive director of Gold Tat Group International Limited (formerly known as Mobile Telecom Network (Holdings) Limited) (Stock Code: 8266), a company listed on the Growth Enterprise Market of the Stock Exchange, from August 2010 to March 2015. Mr. Cheung has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Dr. CHAN Chung Bun, Bunny (陳振彬), *GBS, JP*, aged 58, has been serving as an independent non-executive Director of the Company since September 2010. Dr. Chan has extensive experience in commerce and is currently the chairman of Prospectful Holdings Limited. Dr. Chan is active in community affairs in Hong Kong. Dr. Chan has been chairman of the Kwun Tong District Council since 2004. He has been appointed as vice-chairperson of the Community Care Fund Task Force of the Commission on Poverty from 1 December 2012 and as a member of the Council for Sustainable Development from 1 March 2015. Dr. Chan was appointed as Justice of Peace in 2002 and was awarded the Bronze Bauhinia Star medal in 2004, the Silver Bauhinia Star medal in 2009 and the Gold Bauhinia Star medal in 2014 by the government of Hong Kong. Dr. Chan was conferred Doctor of Business Administration, honoris causa, in December 2013 by the Open University of Hong Kong. Dr. 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). Dr. Chan has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Mr. WAI Kwok Hung (韋國洪), aged 61, has been serving as an independent non-executive Director of the Company since September 2010. 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. Mr. Wai had been an independent non-executive director of Town Health International Medical Group Limited (formerly known as Town Health International Investments Limited) (Stock Code: 3886), a company listed on the Main Board of the Stock Exchange, from July 2002 to September 2015. Mr. Wai has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Senior management

Mr. SUNG Lik Man (宋力文), aged 44, 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 experience 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 42, 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 had 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), and a company listed on the Growth Enterprise Market of the Stock Exchange, namely China Wood Optimization (Holding) Limited (Stock Code: 8099).

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 2016 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.

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)
Dr. 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 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.

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 has entered into a service contract with the Company for a term of three years. Also, each of the independent non-executive Directors has entered into a letter of appointment for a term of three years. 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 and Dr. 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.

Board Diversity Policy

The Board has adopted a board diversity policy since August 2013. The policy sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board. The Company considered that diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

Based on the business needs of the Group, the Nomination Committee has recommended and the Board has adopted the following measurable objectives:

(i) a prescribed proportion of Board members shall be non-executive Directors or independent non-executive Directors;

(ii) a prescribed proportion of Board members shall have obtained accounting or other professional qualifications; and

(iii) a prescribed proportion of Board members shall have more than seven years of experience in the industry he is specialised in.

The Nomination Committee shall monitor the implementation of the board diversity policy and review the progress of its measurable objectives from time to time. Based on its review, the Nomination Committee considers that the current Board is well-balanced and of a diverse mix appropriate for the business development of the Company.

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, Dr. 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:

Name of Director	Kind of Training
Executive Directors	
Mr. Yan	A, B
Ms. Lam	A, B
Mr. CAO Jiancheng	A, B
Independent non-executive Directors	
Mr. CHEUNG Kwan Hung	A, B
Dr. 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 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.

During the year, the Board reviewed and monitored the training of the Directors, and the Company's policies and practices on compliance with legal and regulatory requirements.

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, risk management, 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 risk management and 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 30 March 2016 and have been posted on the websites of the Stock Exchange and the Company.

The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Cheung Kwan Hung, Dr. 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 2016 to review, with the management and the Company's external auditors, the financial results and reports, 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 for the year ended 31 March 2016 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, composition and diversity (including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board at least annually, agree on measurable objectives for achieving diversity on the Board, 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 30 August 2013 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, Dr. 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 2016 to review the structure, size and composition of the Board, the independence of the independent non-executive Directors and the measurable objectives of the board diversity policy 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 Dr. Chan Chung Bun, Bunny. Dr. 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.

The Remuneration Committee held two meetings during the year ended 31 March 2016 to review and make recommendation to the Board on the remuneration policy and structure of the Company, the remuneration packages of the Directors and senior management, the grant of share options of the Company 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, the 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 2016 is set out below.

Name of Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting
Mr. YAN	11/11	—	2/2	1/1
Ms. LAM	10/11 *(note 1)*	—	—	—
Mr. CAO Jiancheng	10/11 *(note 1)*	—	—	—
Mr. CHEUNG Kwan Hung	11/11	2/2	2/2	—
Dr. CHAN Chung Bun, Bunny	11/11	2/2	2/2	1/1
Mr. WAI Kwok Hung	11/11	2/2	—	1/1

Note:

1. During the year ended 31 March 2016, 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.

Auditor's remuneration

During the year ended 31 March 2016, the remuneration payable/paid to PricewaterhouseCoopers, the external auditor of the Company, is set out as follows:

Services rendered	**Year ended 31 March 2016** US$'000
Audit services	169

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 2016 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 2016, 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 2016.

Management function

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

Responsibilities in respect of the consolidated financial statements

The Board is responsible for presenting a balanced, clear and comprehensible assessment of the Group's annual and interim reports, 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 2016.

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 43.

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 2016, one general meeting of the Company was held, i.e. the annual general meeting of the Company held on 25 September 2015, and the attendance of each Director at the annual general meeting of the Company is set out as follows:

Name of Directors	Annual general meeting of the Company
Mr. YAN	1/1
Ms. LAM	1/1
Mr. CAO Jiancheng	1/1
Mr. CHEUNG Kwan Hung	1/1
Dr. 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.

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 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.

On 25 September 2015, an ordinary resolution was duly passed by the shareholders at the annual general meeting of the company approving the increase of the authorised share capital of the Company from HK$10,000,000 divided into 1,000,000,000 Shares to HK$20,000,000 divided into 2,000,000,000 Shares by the creation of additional 1,000,000,000 Shares. Save for the above, there was no change in the Company's constitutional documents during the year ended 31 March 2016.

AUDIT COMMITTEE REPORT

For the year ended 31 March 2016, 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 2016. 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 2016. The Audit Committee therefore recommended the consolidated financial statements for the year ended 31 March 2016 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 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.

The consolidated financial statements of the Company for the year ended 31 March 2016 have been audited by PricewaterhouseCoopers.

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

Hong Kong, 30 June 2016

DIRECTORS' REPORT

The Directors are pleased to present this annual report together with the audited consolidated financial statements for the year ended 31 March 2016.

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 and lending of money.

The principal activities and other particulars of the subsidiaries of the Company are set out in Note 14 to the consolidated financial statements.

Business review

For details of business review in relation to the development, performance or position of the Company's business, please refer to the sections headed "Management Discussion and Analysis" of this annual report.

Results and Dividends

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 45. The Directors did not recommend payment of any final dividend for the year ended 31 March 2016 (2015: Nil).

Environmental, society and governance

The Group is determined to become a responsible enterprise, and is committed to perfecting its business. At the same time, the Group has been actively improving the local community environment and taking part in community activities. The Group seeks to perform corporate citizenship, including the commitment of attaining the highest ethical standards, the provision of a safe and healthy workplace, and pay attention to the environment, resources utilisation and emissions in every aspect of its business as well as the contribution of resources to facilitate staff development training and the active involvement in charity. The Board is of the opinion that a good environmental, social and governance framework is of great importance to the development of the Group. Apart from the pursuit of business growth, the Group is also constantly perfecting in sectors such as environmental protection, social responsibilities and corporate governance. Meanwhile, the Group also hopes to achieve and improve its social responsibilities by enhancing corporate transparency.

As far as the Board and management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 March 2016, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During the year ended 31 March 2016, there was no material and significant dispute between the Group and its employees, customers and suppliers.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out in Note 21 to the consolidated financial statements.

DIRECTORS' REPORT

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group are set out in Note 13 to the consolidated financial statements.

Distributable reserves

At 31 March 2016, distributable reserves of the Company amounted to US$48,851,000 (2015: US$55,426,000).

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.

Share capital

Details of the movements in the share capital of the Company during the year ended 31 March 2016 are set out in Note 19 to the consolidated financial statements.

Equity-linked agreements

Save for the Subscription Agreement entered into between the Company and Ablaze Rich, the Sale and Purchase Agreement and the grant of options under the Share Option Scheme of the Company as referred to in the paragraph headed "Share Option Scheme" below, no equity-linked agreements (as defined under the Companies (Directors' Report) Regulation, Chapter 622D of the Laws of Hong Kong) that will or may result in the Company issuing Shares or that require the Company to enter into any such agreement that will or may result in the Company issuing shares were entered into by the Company during the year or subsisting at the end of the year. Please refer to the section headed "Management Discussion and Analysis" and note 20, 23, 29(a) to the consolidated financial statement for further information about the Subscription Agreement, the Sale and Purchase Agreement and the Share Option Scheme.

Purchase, sale or redemption of listed securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Shares for the year ended 31 March 2016.

Directors

The Directors of the Company during the year and up to the date of this annual 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)
Dr. CHAN Chung Bun, Bunny (陳振彬)
Mr. WAI Kwok Hung (韋國洪)

In accordance with the Articles, Ms. Lam and Dr. 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 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).

Permitted indemnity provisions

The Articles, which are currently in force and were in force during the year ended 31 March 2016, contain indemnity provisions which are permitted indemnity provisions under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) subject to the limitations specified in sections 468 and 469 thereof, for the benefit of the Directors. Pursuant to such provisions, the Company shall indemnify and hold harmless out of its assets and profits any Directors from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty in their offices provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of them. The Company has also taken out and maintained appropriate insurance cover to indemnify the Directors for liabilities that may arise out of corporate activities. The insurance coverage is reviewed on an annual basis. During the year ended 31 March 2016, no claims were made against the Directors.

DIRECTORS' REPORT

Directors' and Chief Executive interests in Shares, underlying Shares and debentures of the Company and its associated corporation

As at 31 March 2016, 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, underlying Shares and debentures of the Company:

Name of Director	**Capacity/ Nature of interest**	**Number of Shares held** *(Note 1)*	**Number of underlying Shares held** *(Note 1)*	**Approximate percentage of interest (%)** *(Note 10)*
Mr. Yan	Interest of controlled corporation *(Note 2)*	616,322,500 (L)	—	67.28%
	Beneficial owner *(Note 3)*	—	2,100,000 (L)	0.23%
	Family interest *(Note 3)*	—	2,100,000 (L)	0.23%
	Interest of controlled corporation *(Note 4)*	—	19,763,513 (L)	2.16%
	Beneficial owner and family interest *(Note 9)*	—	305,474,451 (L)	33.35%
Ms. Lam *(Note 11)*	Interest of controlled corporation *(Note 2)*	616,322,500 (L)	—	67.28%
	Beneficial owner *(Note 3)*	—	2,100,000 (L)	0.23%
	Family interest *(Note 3)*	—	2,100,000 (L)	0.23%
	Interest of controlled corporation *(Note 4)*	—	19,763,513 (L)	2.16%
	Beneficial owner and family interest *(Note 9)*	—	305,474,451 (L)	33.35%
Mr. Cao Jiancheng	Beneficial owner *(Note 5)*	500,000 (L)	7,800,000 (L)	0.91%
Mr. Cheung Kwan Hung	Beneficial owner *(Note 6)*	—	800,000 (L)	0.09%
Dr. Chan Chung Bun, Bunny	Beneficial owner *(Note 7)*	—	800,000 (L)	0.09%
Mr. Wai Kwok Hung	Beneficial owner *(Note 8)*	100,000 (L)	300,000 (L)	0.04%

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 2016. 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) These 19,763,513 Shares represented the Conversion Shares which may be allotted and issued to Ablaze Rich upon the exercise of the conversion rights attached to the First Convertible Bonds in the principal amount of US$3,000,000, at a conversion price of HK$1.184 per Conversion Share, at the exchange rate of HK$7.8 to US$1.0. The First Convertible Bonds were issued by the Company and subscribed by Ablaze Rich on 2 September 2013. Ablaze Rich had not yet exercised the conversion rights attached to the First Convertible Bonds as at 31 March 2016. Pursuant to the Subscription Agreement, Ablaze Rich would only convert the Convertible Bonds in a manner that would not cause the Company to be in breach of the public float requirement of the Shares under Rule 8.08 of the Listing Rules. As the entire issued share capital of Ablaze Rich was owned as to 51% by Mr. Yan and 49% by Ms. Lam, each of Mr. Yan and Ms. Lam was deemed to be interested in these 19,763,513 Shares by virtue of the SFO.

(5) On 21 October 2011 and 30 April 2015, Mr. Cao Jiancheng was granted share options of the Company in respect of 6,000,000 Shares and 2,300,000 Shares respectively pursuant to the Share Option Scheme. 7,800,000 share options remained outstanding as at 31 March 2016.

(6) On 30 April 2015, Mr. Cheung Kwan Hung was granted share options of the Company in respect of 800,000 Shares pursuant to the Share Option Scheme. All these share options remained outstanding as at 31 March 2016.

(7) On 30 April 2015, Dr. Chan Chung Bun, Bunny was granted share options of the Company in respect of 800,000 Shares pursuant to the Share Option Scheme. All these share options remained outstanding as at 31 March 2016.

(8) On 30 April 2015, Mr. Wai Kwok Hung was granted share options of the Company in respect of 800,000 Shares pursuant to the Share Option Scheme. 300,000 share options remained outstanding as at 31 March 2016.

(9) These 305,474,451 Shares represented the total number of Shares which may be allotted and issued to Mr. Yan and Ms. Lam upon the exercise of the conversion rights attaching to the Top Build Convertible Bonds for the aggregate principal amount of US$43,200,000 issuable by the Company to each of Mr. Yan and Ms. Lam under the Sale and Purchase Agreement at the initial conversion price of HK$1.096 per Shares and the exchange rate of HK$7.75 to US$1.00. Completion of the Sale and Purchase Agreement took place on 10 May 2016 and the Top Build Convertible Bonds were issued to them on that date, as to the principal amount of US$22,032,000 to Mr. Yan and as to the principal amount of US$21,168,000 to Ms. Lam. The exercise of the conversion rights attaching to the Top Build Convertible Bonds is subject to the terms and conditions thereof, including the restriction against conversion which would cause the Company to be in breach of the minimum public float requirement under the Listing Rules. As they have a spousal relationship, each of Mr. Yan and Ms. Lam was deemed to be interested in the Shares in which the other was interested by virtue of the SFO.

(10) The percentage is calculated on the basis of 916,050,000 Shares in issue as at 31 March 2016.

(11) Ms. Lam is also the Chief Executive Officer of the Company.

Interest in shares and underlying shares of an associated corporation:

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

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

Save as disclosed above, as at 31 March 2016, 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 2016, 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:

Name of shareholder	Capacity/ nature of interest	Number of Shares held *(Note 1)*	Number of underlying Shares held *(Note 1)*	Approximate percentage of interest (%) *(Note 3)*
Ablaze Rich	Beneficial owner	616,322,500 (L)	—	67.28%
	Beneficial owner *(Note 2)*	—	19,763,513 (L)	2.16%
廣州匯垠發展投資合夥企業 (for identification only, Guangzhon Huiyin Development Investment Partnership Enterprise)	Investment manager	91,000,000	—	9.93%
Yin Hai	Beneficial owner *(Note 4)*	—	76,368,613 (L)	8.34%

Notes:

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

(2) These 19,763,513 Shares represented the conversion shares which may be allotted and issued to Ablaze Rich upon the exercise of the conversion rights attached to the First Convertible Bonds in the principal amount of US$3,000,000, at a conversion price of HK$1.184 per conversion share, at the exchange rate of HK$7.8 to US$1.0. The First Convertible Bonds were issued by the

Company and subscribed by Ablaze Rich on 2 September 2013. Ablaze Rich had not yet exercised the conversion rights attached to the First Convertible Bonds as at 31 March 2016. Pursuant to the Subscription Agreement, Ablaze Rich would only convert the First Convertible Bonds in a manner that would not cause the Company to be in breach of the public float requirement of the Shares under Rule 8.08 of the Listing Rules.

(3) The percentage is calculated on the basis of 916,050,000 Shares in issue as at 31 March 2016.

(4) These 76,368,613 Shares represented the total number of Shares which may be allotted and issued to Mr. Yan Hai upon the exercise of the conversion rights attaching to the Top Build Convertible Bonds for the aggregate principal amount of US$10,800,000 issuable by the Company to him under the Sale and Purchase Agreement at the initial conversion price of HK$1.096 per Shares and the exchange rate of HK$7.75 to US$1.00. Completion of the Sale and Purchase Agreement took place on 10 May 2016 and the Top Build Convertible Bonds were issued to him on that date. The exercise of the conversion rights attaching to the Top Build Convertible Bonds is subject to the terms and conditions thereof, including the restriction against conversion which would cause the Company to be in breach of the minimum public float requirement under the Listing Rules.

Save as disclosed above, as at 31 March 2016, 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.

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.

DIRECTORS' REPORT

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 9.06% of the Shares in issue 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.

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.

During the year ended 31 March 2016, movements of the share options granted under the Share option scheme are summarized as follows and in Note 20 to the consolidated financial statements:

					Number of share options					
List of grantees	Date of grant	Exercisable period	Closing price per Share immediately before the date of grant HK$	Exercisable price per share HK$	Outstanding as at 1 April 2015	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 31 March 2016
Directors										
Mr. Yan	21 October 2011	21 October 2012–20 October 2021	$1.15	$1.15	700,000	—	—	—	—	700,000
	21 October 2011	21 October 2013–20 October 2021	$1.15	$1.15	700,000	—	—	—	—	700,000
	21 October 2011	21 October 2014–20 October 2021	$1.15	$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	$1.15	700,000	—	—	—	—	700,000
	21 October 2011	21 October 2013–20 October 2021	$1.15	$1.15	700,000	—	—	—	—	700,000
	21 October 2011	21 October 2014–20 October 2021	$1.15	$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	$1.15	2,000,000	—	500,000	—	—	1,500,000
	21 October 2011	21 October 2013–20 October 2021	$1.15	$1.15	2,000,000	—	—	—	—	2,000,000
	21 October 2011	21 October 2014–20 October 2021	$1.15	$1.15	2,000,000	—	—	—	—	2,000,000
	30 April 2015	30 April 2015–29 April 2025	$1.15	$1.20	—	2,300,000	—	—	—	2,300,000
					6,000,000	2,300,000	500,000	—	—	7,800,000
Mr. CHEUNG Kwan Hung	30 April 2015	30 April 2015–29 April 2025	$1.15	$1.20	—	800,000	—	—	—	800,000
					—	800,000	—	—	—	800,000
Dr. CHAN Chung Bun, Bunny	30 April 2015	30 April 2015–29 April 2025	$1.15	$1.20	—	800,000	—	—	—	800,000
					—	800,000	—	—	—	800,000

DIRECTORS' REPORT

List of grantees	Date of grant	Exercisable period	Closing price per Share immediately before the date of grant HK$	Exercisable price per share HK$	Number of share options: Outstanding as at 1 April 2015	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 31 March 2016
Mr. WAI Kwok Hung	30 April 2015	30 April 2015– 29 April 2025	$1.15	$1.20	—	800,000	500,000	—	—	300,000
					—	800,000	500,000	—	—	300,000
Sub-total					10,200,000	4,700,000	1,000,000	—	—	13,900,000
Employees	21 October 2011	21 October 2012– 20 October 2021	$1.15	$1.15	2,500,000	—	200,000	—	—	2,300,000
	21 October 2011	21 October 2013–20 October 2021	$1.15	$1.15	2,500,000	—	—	—	—	2,500,000
	21 October 2011	21 October 2014–20 October 2021	$1.15	$1.15	2,500,000	—	—	—	—	2,500,000
	30 April 2015	30 April 2015– 29 April 2025	$1.15	$1.20	—	3,500,000	—	—	—	3,500,000
Sub-total					7,500,000	3,500,000	200,000	—	—	10,800,000
Others	30 April 2015	30 April 2015– 29 April 2025	$1.15	$1.20	—	5,900,000	1,850,000	—	—	4,050,000
Sub-total					—	5,900,000	1,850,000	—	—	4,050,000
Total					17,700,000	14,100,000	3,050,000	—	—	28,750,000

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.

Contracts of significance

Save for the Sale and Purchase Agreement and the deed of funding undertakings entered into between Ablaze Rich, Mr. Yan and Ms. Lam and the Company dated 29 June 2016, no transaction, arrangement or contract 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 an entity connected with a Director (as defined under the Companies Ordinance) or a controlling shareholder of the Company (as defined under the Listing Rules) or any of its subsidiaries is or was materially interested, whether directly or indirectly, subsisted during the year ended, or at, 31 March 2016. Please refer to the sections headed "Management Discussion and Analysis — Business Review" and "Management Discussion and Analysis — Financial Review — Liquidity, financial resources, capital structure and gearing ratio" of this annual report for further information about the Sale and Purchase Agreement and the deed of funding undertakings.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company which were not contracts of service with any Director or any person engaged in full time employment of the Company were entered into or subsisted during the year ended 31 March 2016.

Major customers and suppliers

For the year ended 31 March 2016, the Group's five largest customers together accounted for about 73.7% of the Group's total chartering revenue and the largest customer accounted for about 22.4% of the Group's total chartering 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. Each of the five largest customers had established 2 to 5 years of business relationship with the Group.

For the year ended 31 March 2016, the Group's five largest suppliers together accounted for about 62.5% of the Group's costs of services, and the largest supplier accounted for about 51.0% of the Group's total costs of services. The Group's key suppliers include insurance underwriters, ship managers, shipbrokers, bunker fuel providers and shipyards. Each of the five largest suppliers had established 1 to 12 years of business relationship with the Group.

None of the Directors or their respective close associates, and, to the best knowledge of the Directors, none of the existing shareholders who owns more than 5% of the number of issued shares of the Company, had any interest in any of the five largest customers or suppliers of the Group during the year.

Directors and controlling shareholders' interests in competing business

For the year ended 31 March 2016 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 the 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 2016 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.

DIRECTORS' REPORT

Auditor

The consolidated financial statements of the Group for the year ended 31 March 2016 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, 30 June 2016

INDEPENDENT AUDITOR'S REPORT

pwc 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 45 to 104, which comprise the consolidated statement of financial position as at 31 March 2016, 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, 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.

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 financial position of the Company and its subsidiaries as at 31 March 2016, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of Matter

We draw attention to Note 2.1.1 to the consolidated financial statements which states that the Group reported a net loss of US$40,240,000 and an operating cash outflow of US$9,254,000. As at the same date, the Group's current liabilities exceeded its current assets by US$31,768,000. In addition, the Group failed to comply with an undertaking requirement of certain bank borrowings. The Group is yet to obtain the waivers of compliance from the relevant banks and it has not completed the remedial actions as required by the banks. These conditions, along with other matters as set forth in Note 2.1.1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 June 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Note	2016 US$'000	2015 US$'000
Revenue	5	9,135	15,195
Cost of services	7	(14,997)	(21,848)
Gross loss		(5,862)	(6,653)
Other gains/(losses) — net	6	206	(396)
Other income		310	44
General and administrative expenses	7	(3,129)	(2,610)
Impairment losses	13, 18	(29,600)	(25,623)
Operating loss		(38,075)	(35,238)
Finance income	8	3	4
Finance costs	8	(2,102)	(2,172)
Finance costs — net		(2,099)	(2,168)
Loss before income tax		(40,174)	(37,406)
Income tax expense	10	(66)	—
Loss for the year and total comprehensive loss attributable to owners of the Company		(40,240)	(37,406)
Loss per share attributable to owners of the Company for the year			
— Basic and diluted	11	(US4.49 cents)	(US4.51 cents)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Note	2016 US$'000	2015 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	68,468	102,935
Pledged bank deposits	17	1,750	3,774
		70,218	106,709
Current assets			
Loan receivables	15	6,795	—
Trade and other receivables	16	1,313	2,389
Pledged bank deposits	17	1,563	3,378
Cash and cash equivalents	17	863	421
		10,534	6,188
Asset classified as held for sale	18	—	3,608
		10,534	9,796
Total assets		80,752	116,505
EQUITY			
Equity attributable to owners of the Company			
Share capital	19	1,174	1,064
Reserves	21	33,253	52,285
Total equity		34,427	53,349

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Note	2016 US$'000	2015 US$'000
LIABILITIES			
Non-current liabilities			
Borrowings	22	—	47,192
Convertible bonds	23	3,810	3,604
Derivative financial instruments	25	213	278
		4,023	51,074
Current liabilities			
Other payables and accruals	24	1,132	2,070
Borrowings	22	41,170	10,012
		42,302	12,082
Total liabilities		46,325	63,156
Total equity and liabilities		80,752	116,505

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

The consolidated financial statements on pages 45 to 104 were approved by the Board of Directors on 30 June 2016 and were signed on its behalf.

Yan Kim Po
Director

Lam Kwan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	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 2014	1,064	25,120	979	46	13,636	49,846	90,691
Comprehensive income:							
Loss for the year	—	—	—	—	—	(37,406)	(37,406)
Total comprehensive loss for the year, net of tax	—	—	—	—	—	(37,406)	(37,406)
Transactions with owners in their capacity as owners							
Share option scheme:							
— Share-based compensation benefits	—	—	64	—	—	—	64
Balance at 31 March 2015	1,064	25,120	1,043	46	13,636	12,440	53,349
Balance at 1 April 2015	**1,064**	**25,120**	**1,043**	**46**	**13,636**	**12,440**	**53,349**
Comprehensive income:							
Loss for the year	—	—	—	—	—	**(40,240)**	**(40,240)**
Total comprehensive loss for the year, net of tax	—	—	—	—	—	**(40,240)**	**(40,240)**
Transactions with owners in their capacity as owners							
Share option scheme:							
— Share-based compensation benefits	—	—	**844**	—	—	—	**844**
— Proceeds from shares issued upon exercise of share options	**4**	**642**	**(181)**	—	—	—	**465**
Issue of ordinary shares	**106**	**19,903**	—	—	—	—	**20,009**
Total transactions with owners	**110**	**20,545**	**663**	—	—	—	**21,318**
Balance at 31 March 2016	**1,174**	**45,665**	**1,706**	**46**	**13,636**	**(27,800)**	**34,427**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	Note	2016 US$'000	2015 US$'000
Cash flows from operating activities			
Net cash (used in)/generated from operating activities	26	(9,254)	135
Cash flows from investing activities			
Purchase of property, plant and equipment		(791)	(25,020)
Proceeds from disposal of property, plant and equipment and bunker		502	6,795
Proceeds from disposal of asset classified as held for sales	18	3,608	—
Acquisition of a subsidiary, net of cash acquired		(4)	—
Interest received		3	4
Net cash generated from/(used in) investing activities		3,318	(18,221)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	19	20,009	—
Proceeds from shares issued upon exercise of share options	20(ii)	465	—
Interest paid		(1,747)	(1,642)
Proceeds from loan from ultimate holding company		1,000	3,000
Repayment of loan from ultimate holding company		(4,000)	—
Proceeds from bank borrowings, net of loan arrangement fee		—	15,700
Repayments of bank borrowings		(13,188)	(8,119)
Net decrease in pledged bank deposits		3,839	3,530
Net cash generated from financing activities		6,378	12,469
Net increase/(decrease) in cash and cash equivalents		442	(5,617)
Cash and cash equivalents at beginning of year		421	6,038
Cash and cash equivalents at end of year	17	863	421

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") are principally engaged in chartering of dry bulk vessels and money lending business. 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, Hutchins 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 United States dollars ("US$"), unless otherwise stated.

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 all applicable 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, as modified by certain financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss, which are carried at fair value.

The preparation of consolidated 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.

2.1.1 Going concern basis

For the year ended 31 March 2016, the Group reported a net loss of US$40,240,000 and a net cash outflow from operating activities of US$9,254,000. As at 31 March 2016, the Group's current liabilities exceeded its current assets by US$31,768,000. As at the same date, the Group's borrowings amounted to US$44,980,000, of which approximately US$41,170,000 are repayable within one year while its cash and cash equivalents amounted to US$863,000 only.

As at 31 March 2016, the Group had total outstanding bank borrowings of approximately US$41,170,000. The Group has failed to comply with a restrictive undertaking clause set out in loan agreements in connection with the ratio of vessel's market value together with value of security to outstanding borrowing amount (the "Vessel Ratio"). Pursuant to the respective loan agreements, the bank borrowings may become immediately repayable if the Group fails to take remedial actions by repaying the bank borrowings or increasing pledged deposits within a period of time. As at the date of the approval of these consolidated financial statements, the Group has not obtained the waivers from the relevant banks from complying with the relevant Vessel Ratio requirement. According to HKAS 1 "Presentation of Financial Statements", bank borrowings with original maturity after 31 March 2017 of approximately US$34,367,000 have been reclassified as current liabilities.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Going concern basis (continued)

These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from 31 March 2016. The directors are of the opinion that, taking into account the following, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 March 2016:

(i) In respect of certain bank borrowings of approximately US$29,181,000, the Group is in the process of taking the necessary remedial actions as required by the bank. In addition, management has been actively negotiating with the bank to revise the existing terms and conditions of the bank borrowings for the continuous compliance of the Vessel Ratio requirement. Based on the latest communication with the bank, the directors are of the opinion that the terms and conditions of the bank borrowings will be timely revised.

(ii) Management also maintains continuous communication with the banks and the directors are of the opinion that all the existing bank borrowings, including those that the Group has failed to comply with the Vessel Ratio requirement, will continue to be available to the Group for the next twelve months from 31 March 2016 and be repaid in accordance with the original repayment schedules.

(iii) On 29 June 2016, Ablaze Rich Investments Limited, the ultimate holding company of the Group, together with the Company's two directors, Mr. Yan Kim Po and Ms. Lam Kwan, (collectively, the "Guarantors"), entered into a deed of funding undertakings to provide funding to the Group. The funding notice shall be issued at the discretion of the Company to Ablaze Rich Investments Limited and the Guarantors within twelve months of the date of the deed. The total amount of funding undertakings shall not exceed US$30,000,000.

The funding when provided shall be treated as an advance to the Company and be repayable by the Company at a suitable time to be agreed among the Company, Ablaze Rich Investments Limited and the Guarantors, but in any event shall only be repaid after at least twelve months from the funding draw down date.

The undertakings shall cease to have effect after twelve months from the date of the deed or upon the Company or any member of the Group having obtained long-term external bank borrowings or other sources of long-term financing with a principal amount of not less than US$30,000,000, whichever is the earlier (Note 29).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Going concern basis (continued)

(iv) The Group has been negotiating with a bank to issue convertible bonds of US$35,000,000 with a maturity period of thirty-six months. The directors of the Company expect that the issuance of the convertible bonds will be completed by the end of November 2016.

The directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from 31 March 2016. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainty exist as to whether management of the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the successful fulfillment of the following plans:

(i) Completion of the necessary remedial actions as required by the bank as well as the revision of the terms and conditions of certain bank borrowings of US$29,181,000 and thus the continuous compliance of the undertaking requirement;

(ii) Continuous availability of the Group's existing bank borrowings and with the repayments to be made in accordance with the original repayment schedules;

(iii) Ablaze Rich Investments Limited and the Guarantors will be able to provide the funding advance to the Group as and when needed and with the advance repayable beyond twelve months from the balance sheet date;

(iv) Generation of adequate operating cash flow; and

(v) Obtaining additional sources of financing as and when needed.

Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures

(a) Amendments to existing standards adopted by the Group for the financial year beginning 1 April 2015, but do not have significant financial impact to the Group.

HKAS 19 (2011) (Amendments)	Defined Benefit Plans: Employee Contribution
HKFRS (Amendments)	Improvements to HKFRS 2010–2012 Cycles
HKFRS (Amendments)	Improvements to HKFRS 2011–2013 Cycles

(b) The following new standards and amendments to existing standards that have been issued, but are not effective for the financial year beginning on or after 1 April 2015 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
HKAS 1 (Amendments)	Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendments)	Classification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants	1 January 2016
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Note
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS (Amendments)	Improvements to HKFRS 2012 — 2014 Cycles	1 January 2016

Note: The effective date was to be determined.

The Group will apply the above new standards, amendments to existing standards and annual improvement projects as and when they become effective. The Group has already commenced an assessment of the impact of these new standards, amendments to existing standards and annual improvement projects, and will adopt them when they become effective.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(c) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosure of certain information in the consolidated financial statements.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(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. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) Business combinations (continued)

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in 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 "Financial Instruments: Recognition and Measurement" 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.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(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 of the subsidiary 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 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost 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.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Chairman and Chief Executive Officer of the Company 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$, 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 the consolidated statement of comprehensive income.

2 Summary of significant accounting policies (continued)

2.4 Foreign currency translation (continued)

(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.

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. 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 consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their 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 dry dockings. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

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 2.6).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within "other gains/(losses) — net" in the consolidated statement of comprehensive income.

2.6 Impairment of 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 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.

2.7 Asset held for sale

Asset is classified as held for sale when the carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The Asset is stated at the lower of carrying amount and fair value less costs to sell. An impairment loss is recognised within "impairment losses" in the consolidated statement of comprehensive income for the amount by which the asset's fair value less costs to sell exceeds its carrying amount.

2.8 Financial assets

2.8.1 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.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within twelve months; otherwise, they are classified as non-current.

2 Summary of significant accounting policies (continued)

2.8 Financial assets (continued)

2.8.1 Classification (continued)

(b) Loans and receivables

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 twelve 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", "loan receivables" "pledged bank deposits" and "cash and cash equivalents" in the consolidated statement of financial position (Notes 2.12 and 2.13).

2.8.2 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. Investment are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of comprehensive income. 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. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated statement of comprehensive income within "other gains/(losses) — net" in the period in which they arise.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.10 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.

2 Summary of significant accounting policies (continued)

2.10 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.

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 consolidated income statement. 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 consolidated statement of comprehensive income.

Impairment assessment of receivables is described in Note 4(b).

2.11 Derivative financial instruments which do not qualify for hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured at their fair values.

Changes in fair value of the derivative instruments which do not qualify for hedge accounting are recognised immediately in consolidated statement of comprehensive income within "other gains/(losses) - net". All derivatives outstanding on the reporting date are classified as financial assets measured at fair value through profit or loss when their fair values are positive and as financial liabilities at fair value through profit or loss when their fair values are negative.

2.12 Trade receivables, other receivables and loan receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade receivables, other receivables and loan 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 receivables, other receivables and loan receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2 Summary of significant accounting policies (continued)

2.13 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 and other short-term highly liquid investments with original maturities of three months or less.

2.14 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.

2.15 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.

2.16 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 consolidated statement of comprehensive income 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 twelve months after the end of the reporting period.

2.17 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.

2 Summary of significant accounting policies (continued)

2.17 Borrowing costs (continued)

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 consolidated statement of comprehensive income in the period in which they are incurred.

2.18 Convertible bonds

Convertible bonds with conversion options which are not settled by exchanging a fixed amount of cash for a fixed number of the Company's shares comprise a derivative component and a liability component.

At initial recognition, the derivative component of the convertible bonds is measured at fair value. Any excess of the proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs relating to the issue of the convertible bonds are allocated to the liability and derivative components in proportion to the allocation of proceeds. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability component. The portion relating to the derivative component is recognised immediately in profit or loss.

The derivative component is subsequently remeasured at fair value, with changes in fair value recognised immediately in profit or loss. The liability component is subsequently measured at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method.

2.19 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, 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 end of reporting period in the countries where the Company's subsidiaries 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.

2 Summary of significant accounting policies (continued)

2.19 Current and deferred income tax (continued)

(b) Deferred income tax

Inside basis differences

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.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, 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.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(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.

2 Summary of significant accounting policies (continued)

2.20 Employee benefits

(a) Retirement benefit obligations

The Group operates the defined contribution pension plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as 'employee benefit expense' when they are due. Prepaid contribution are recognise as an asset to the extent that a cash refund or a reduction in the future payments is available.

(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.

2.21 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).

2 Summary of significant accounting policies (continued)

2.21 Share-based payments (continued)

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

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 consolidated statement of comprehensive income, with a corresponding adjustment to equity.

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.

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.

(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 subsidiaries undertakings, with a corresponding credit to equity in the parent entity accounts.

2.22 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.

2 Summary of significant accounting policies (continued)

2.23 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) Interest income — Money lending

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to is recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

2.24 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 income statement on a straight-line basis over the period of the lease.

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 and fair value 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) Foreign exchange risk

The Group's operations are mainly in US$. The revenue and operating expenses incurred are denominated in US$ with a small extent in Hong Kong dollars ("HK$") and other foreign currencies. As US$ is pegged with HK$ under the Linked Exchange Rate System and the Group does not have significant foreign currency transactions and balances, foreign currency sensitivity analysis is not presented.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

The Group is exposed to fair value interest rate risk arising from fixed-rate loan receivables (Note 15) and convertible bonds (Note 23) The Group is also exposed to cash flow interest risk arising from floating rate bank borrowings (Note 22), net-off by bank deposits.

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 US$ denominated bank borrowings.

The Group also entered into an interest rate swap to minimise the Group to cash flow interest rate risk arising from 3-month floating rate LIBOR. Details of the Group's interest rate swap are disclosed in Note 25.

Except for the Group's loan receivables and convertible bonds bearing a fixed interest rate and bank borrowings bearing floating interest rates, the Group has no significant interest-bearing assets and liabilities. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact resulted from the changes in interest rates.

As at 31 March 2016, if interest rates on bank borrowings had been fluctuated by 30 basis points with all other variables held constant, the Group's post-tax loss for the year would have been affected by US$88,000 (2015: US$139,000), mainly as a result of fluctuation on interest expenses on floating rate bank borrowings.

(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 receivables, other receivables and loan receivables. Management has policies in place to monitor the exposures to these credit risks on an on-going basis.

As at 31 March 2016 and 2015, 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.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Apart from major customers disclosed in Note 5, management considered there is no significant concentration of 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 allowances.

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.

Loan receivables were made to borrowers based on management's assessment about borrowers' credit history. No provisions for unrecoverable loan receivables has been made in the current accounting periods after considering no loan receivables were past due. The loan receivables are unsecured and not guaranteed. The maximum exposure to credit at each of the reporting dates is the carrying values of the loan receivables.

(c) Liquidity risk

For the year ended 31 March 2016, the Group reported a net loss of US$40,240,000 and a net cash outflow from operating activities of US$9,254,000. As at 31 March 2016, the Group's current liabilities exceeded its current assets by US$31,768,000. As at the same date, the Group's borrowings amounted to US$44,980,000, of which approximately US$41,170,000 are repayable within one year while its cash and cash equivalents amounted to US$863,000 only.

As at 31 March 2016, the Group had total outstanding bank borrowings of approximately US$41,170,000. The Group has failed to comply with a restrictive undertaking clause set out in loan agreements in connection with the ratio of vessel's market value together with value of security to outstanding borrowing amount (the "Vessel Ratio"). Pursuant to the respective loan agreements, the bank borrowings may become immediately repayable if the Group fails to take remedial actions by repaying the bank borrowings or increasing pledged deposits within a period of time. As at the date of the approval of these consolidated financial statements, the Group has not obtained the waivers from the relevant banks from complying with the relevant Vessel Ratio requirement. According to HKAS 1 "Presentation of Financial Statements", bank borrowings with original maturity after 31 March 2017 of approximately US$34,367,000 have been reclassified as current liabilities.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

In view of these advance factors, a series of remedial measures to mitigate the liquidity pressure have been taken to improve its financial and liquidity position of the Group as a whole.

(i) In respect of certain bank borrowings of approximately US$29,181,000, the Group is in the process of taking the necessary remedial actions as required by the bank. In addition, management has been actively negotiating with the bank to revise the existing terms and conditions of the bank borrowings for the continuous compliance of the Vessel Ratio requirement. Based on the latest communication with the bank, the directors are of the opinion that the terms and conditions of the bank borrowings will be timely revised.

(ii) Management also maintains continuous communication with the banks and the directors are of the opinion that all the existing bank borrowings, including those that the Group has failed to comply with the Vessel Ratio requirement, will continue to be available to the Group for the next twelve months from 31 March 2016 and be repaid in accordance with the original repayment schedules.

(iii) On 29 June 2016, Ablaze Rich Investments Limited, the ultimate holding company of the Group, together with the Company's two directors, Mr. Yan Kim Po and Ms. Lam Kwan, (collectively, the "Guarantors"), entered into a deed of funding undertakings to provide funding to the Group. The funding notice shall be issued at the discretion of the Company to Ablaze Rich Investments Limited and the Guarantors within twelve months of the date of the deed. The total amount of funding undertakings shall not exceed US$30,000,000.

The funding when provided shall be treated as an advance to the Company and be repayable by the Company at a suitable time to be agreed among the Company, Ablaze Rich Investments Limited and the Guarantors, but in any event shall only be repaid after at least twelve months from the funding draw down date.

The undertakings shall cease to have effect after twelve months from the date of the deed or upon the Company or any member of the Group having obtained long-term external bank borrowings or other sources of long-term financing with a principal amount of not less than US$30,000,000, whichever is the earlier (Note 29).

(iv) The Group has been negotiating with a bank to issue convertible bonds of US$35,000,000 with a maturity period of thirty-six months. The directors of the Company expect that the issuance of the convertible bonds will be completed by the end of November 2016.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

(v) The fair values of the Group's vessels are correlated to the Group's liquidity management and the compliance with the restrictive undertaking requirement of bank borrowings. The fair values of the Group's vessels have increased by US$2,000,000 after the end of reporting period, in aggregate. The fair values are valued by Clarkson Valuations Limited, an independent valuer.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of reporting period to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

Specifically, for bank borrowings without obtaining waivers as at the date of approval of the consolidated financial statements, the banks have the right to request for immediate full repayment of bank borrowings. The analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the banks were to invoke their rights to call the bank borrowings in full with immediate effect.

	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 2016					
Borrowings	**41,170**	**—**	**—**	**—**	**41,170**
Interest on borrowings	**1,257**	**—**	**—**	**—**	**1,257**
Derivative financial instruments	**213**	**—**	**—**	**—**	**213**
Convertible bonds and interest payable	**—**	**—**	**3,600**	**—**	**3,600**
Other payables and accruals	**1,014**	**—**	**—**	**—**	**1,014**

	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 2015					
Borrowings	10,012	9,813	27,632	9,747	57,204
Interest on borrowings	1,546	1,483	1,645	404	5,078
Derivative financial instruments	278	—	—	—	278
Convertible bonds and interest payable	—	—	3,600	—	3,600
Other payables and accruals	1,981	—	—	—	1,981

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

Maturity Analysis — bank borrowings based on scheduled repayments

The table below shows the cash outflows based on the scheduled repayment. The directors do not consider that it is probable that the banks will request for immediate full repayment. The directors believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the facility agreements.

	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 2016					
Borrowings	**6,803**	**22,844**	**4,908**	**6,615**	**41,170**
Interest on borrowings	**1,257**	**869**	**1,011**	**63**	**3,200**
Derivative financial instruments	**213**	**—**	**—**	**—**	**213**
Convertible bonds and interest payable	**—**	**—**	**3,600**	**—**	**3,600**
Other payables and accruals	**1,014**	**—**	**—**	**—**	**1,014**

	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 2015					
Borrowings	10,012	9,813	27,632	9,747	57,204
Interest on borrowings	1,546	1,483	1,645	404	5,078
Derivative financial instruments	278	—	—	—	278
Convertible bonds and interest payable	—	—	3,600	—	3,600
Other payables and accruals	1,981	—	—	—	1,981

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 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.

3 Financial risk management (continued)

3.2 Capital risk management (continued)

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debts divided by total assets. Total debts are calculated as total borrowings and convertible bonds. As at 31 March 2016, the gearing ratio is 55.7% (2015: 52.2%).

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 March 2016 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial liabilities that are measured at fair value as at 31 March 2016.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Liabilities				
Derivative financial instruments — interest rate swap	—	213	—	213
Convertible bonds — derivative components	—	752	—	752
	—	965	—	965

The following table presents the Group's financial liabilities that are measured at fair value as at 31 March 2015.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Liabilities				
Derivative financial instruments — interest rate swap	—	278	—	278
Convertible bonds — derivative components	—	747	—	747
	—	1,025	—	1,025

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers of financial instruments between level 1, level 2 and level 3 fair value hierarchy classification during the year.

(a) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of remaining financial instruments are fair valued using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices of other quoted financial instruments of the counterparties.

(b) Fair values of financial instruments measured at amortised cost

The fair values of the trade receivables, other receivables, loan receivables, pledged bank deposits, cash and cash equivalents, other payables and accruals as at 31 March 2016 approximate their carrying amounts due to their short term maturities.

The fair values of the bank borrowings as at 31 March 2016 approximate their carrying amounts as they bear interest at floating rates that are market dependent.

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 receivables, other receivables and loan receivables. Provisions for impairment are applied to trade receivables, other receivables and loan 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.

4 Critical accounting estimates and judgements (continued)

(c) Impairment of vessels (Continued)

The recoverable amounts of the Groups' vessels have been determined from value in use calculations. The key assumptions for the value in use calculation are those regarding the discount rates, growth rates and direct costs during the year. Management estimates a discount rate of 8.5% (2015: 9.0%) using pre-tax rates that reflect current market assessments of the time value of money and the risk specific to the Groups' vessels. The growth rate for the next five years is based on industry growth forecasts. Direct costs are based on past practices and expectations of future changes in the market.

The value in use calculations is derived from cash flow projections. Cash flows beyond 5-year period have been using growth rates of 3.0% (2015: 3.5%) per annum. Based on management's best estimates, the carrying amounts of vessels exceeded the recoverable amounts calculated based on value in use by US$24,500,000 in aggregate. The Board of Directors considered provision for impairment loss of US$24,500,000 (2015: US$20,612,000) is necessary as at 31 March 2016 in additional to the impairment loss of US$5,100,000 recognised for the period ended 30 September 2015.

Were the recoverable amounts of these vessels to lower by 5% from management's estimates, it is estimated that the provision for impairment loss would increase by US$3,600,000 (2015: US$3,994,000).

Were the pre-tax discount rate to increase by 1% from management's estimates, it is estimated the provision for impairment loss would increase by US$5,500,000 (2015: US$5,220,000).

Were the charter rates of these vessels to lower by 5% from management's estimates, it is estimated that the provision for impairment loss would increase by US$7,900,000 (2015: US$8,260,000).

(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, if any.

(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 expects 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 with all other variables held constant, it is estimated that the carrying value would increase by US$95,000 as at 31 March 2016 (2015: US$168,000).

4 Critical accounting estimates and judgements (continued)

(f) Fair value of derivative financial instruments

The fair value of derivative financial instruments that are not traded in an active market is determined by using appropriate valuation techniques and making assumptions that are based on market conditions existing at each reporting date. Refer to Note 3.3 for the fair value measurement of derivative financial instruments.

(g) 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:

Date of grant	**30 April 2015**	**21 October 2011**
Stock price as of the date of grant	HK$1.08	HK$1.15
Exercise price	HK$1.20	HK$1.15
Expected volatility (note i)	41%	35%
Expected life	10 years	6–9 years
Risk-free rate (note ii)	1.52%	0.985%–1.306%
Expected dividend yield (note iii)	0%	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.

5 Revenue and segment information

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

	2016 US$'000	2015 US$'000
Time charter income	**7,843**	13,970
Voyage charter income	**840**	1,225
Interest income	**452**	—
	9,135	15,195

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 makers (i.e. executive directors) in order to allocate resources to segments and to assess their performance. The money lending business does not meet the quantitative threshold required by HKFRS 8 for reportable segment, management concluded that this segment should not be reported. The information reported to the Group's chief operating decision makers 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 makers regularly review the revenue components of time charter income, voyage charter income and interest income, which is 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 makers. 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 makers 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.

5 Revenue and segment information (continued)

Information about major customers

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

	2016 US$'000	2015 US$'000
Customer A	1,945	4,452
Customer B	1,338	1,701
Customer C	1,171	990
Customer D (Note)	977	—
Customer E (Note)	970	—
	6,401	7,143

Note:

No revenue was generated from customer D and E for the year ended 31 March 2015.

6 Other gains/(losses) — net

	2016 US$'000	2015 US$'000
Fair value (loss)/gain on derivative component of convertible bonds (Note 23)	(5)	285
Fair value gain/(loss) on derivative financial instruments — interest rate swap	65	(177)
Gain/(loss) on disposal of property, plant and equipment and bunker	154	(504)
Others	(8)	—
	206	(396)

7 Expenses by nature

Operating loss is stated after charging the following:

	2016 US$'000	2015 US$'000
Crew expenses (included in cost of services)	**3,317**	4,353
Depreciation of property, plant and equipment (Note 13)	**5,658**	7,824
Bunker expenses	**1,739**	3,600
Operating lease rental for land and buildings	**354**	334
Auditor's remuneration — audit services	**169**	153
Provision for trade receivables impairment (Note 16)	**7**	11
Impairment losses		
— property, plant and equipment (Note 13)	**29,600**	20,612
— asset classified as held for sale (Note 18)	**—**	5,011
Employee benefit expense (including directors' emoluments) (Note 9)	**2,056**	1,323

8 Finance costs — net

	2016 US$'000	2015 US$'000
Finance income		
Interest income	**(3)**	(4)
Finance costs		
Interest expense on borrowings	**1,498**	1,693
Interest expense on convertible bonds	**201**	187
Arrangement fee on bank borrowings	**213**	239
Interest expense on derivative financial instruments		
— interest rate swap	**190**	53
	2,102	2,172
Finance costs — net	**2,099**	2,168

9 Employee benefit expense

	2016 US$'000	2015 US$'000
Wages and salaries	1,190	1,236
Share-based payments (Note 20)	844	64
Pension costs — defined contribution plans	22	23
	2,056	1,323

Five highest paid individuals

Of the five individuals with the highest remunerations in the Group, three (2015: three) were directors of the Company whose emoluments are reflected in analysis shown in Note 31. The emoluments of the remaining two (2015: two) individuals were as follows:

	2016 US$'000	2015 US$'000
Basic salaries, housing allowances and other benefits in kind	280	280
Share-based payments	163	24
Pension costs — defined contribution plans	5	4
	448	308

The emoluments fell within the following bands:

	Number of individuals	
	2016	2015
HK$500,000 to HK$1,000,000 (equivalent to US$64,103 to US$128,205)	—	1
HK$1,000,001 to HK$1,500,000 (equivalent to US$128,206 to US$192,308)	1	1
HK$2,000,001 to HK$2,500,000 (equivalent to US$256,411 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 during the years ended 31 March 2016 and 2015.

10 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the year. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

	2016	2015
	US$'000	US$'000
Current income tax		
— Hong Kong profits tax	**66**	—

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the primary tax rate of 16.5% (2015: 16.5%) applicable to profit/(loss) of the majority of the consolidated entities as follows:

	2016	2015
	US$'000	US$'000
Loss before income tax	**(40,174)**	(37,406)
Calculated at a taxation rate of 16.5% (2015: 16.5%)	**(6,629)**	(6,172)
Offshore income not taxable for tax purpose	**(1,503)**	(2,508)
Expenses not deductible for tax purposes	**8,026**	8,468
Utilisation of previously recognised tax losses	**(8)**	—
Tax losses not recognised	**180**	212
Income tax expense	**66**	—

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 profit is probable. The Group did not recognise deferred income tax assets in respect of losses amounting to US$7,099,000 (2015: US$6,006,000) that can be carried forward against future taxable income and with no expiry date.

11 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.

	2016	2015
Loss attributable to owners of the Company (US$'000)	40,240	37,406
Weighted average number of ordinary shares in issue (thousands)	896,549	830,000
Basic loss per share (US cents per share)	4.49	4.51

(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. The Company has share options and convertible bonds which may result in dilutive potential ordinary shares. Its calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share prices of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options and convertible bonds. The number of shares calculated is compared with the number of shares that would have been issued assuming the exercise of the share options and convertible bonds.

Diluted loss per share for the years ended 31 March 2016 and 2015 equal basic loss per share as the exercise of the outstanding share options and convertible bonds would be anti-dilutive.

12 Dividends

The directors do not recommend the payment of a final dividend for the year ended 31 March 2016 (2015: Nil).

13 Property, plant and equipment

	Vessels US$'000	Office equipment US$'000	Total US$'000
At 1 April 2014			
Cost	217,017	16	217,033
Accumulated depreciation	(74,103)	(9)	(74,112)
Accumulated impairment losses	(20,652)	—	(20,652)
Net book amount	122,262	7	122,269
Year ended 31 March 2015			
Opening net book amount	122,262	7	122,269
Additions	25,020	—	25,020
Depreciation (Note 7)	(7,820)	(4)	(7,824)
Disposal	(7,299)	—	(7,299)
Provision for impairment losses (Note 7)	(20,612)	—	(20,612)
Transfer to asset classified as held for sale	(8,619)	—	(8,619)
Closing net book amount	102,932	3	102,935
At 31 March 2015			
Cost	**182,176**	**16**	**182,192**
Accumulated depreciation	**(48,887)**	**(13)**	**(48,900)**
Accumulated impairment losses	**(30,357)**	**—**	**(30,357)**
Net book amount	**102,932**	**3**	**102,935**
Year ended 31 March 2016			
Opening net book amount	**102,932**	**3**	**102,935**
Additions	**791**	**—**	**791**
Depreciation (Note 7)	**(5,655)**	**(3)**	**(5,658)**
Provision for impairment losses (Note 7)	**(29,600)**	**—**	**(29,600)**
Closing net book amount	**68,468**	**—**	**68,468**
At 31 March 2016			
Cost	**182,967**	**16**	**182,983**
Accumulated depreciation	**(54,542)**	**(16)**	**(54,558)**
Accumulated impairment losses	**(59,957)**	**—**	**(59,957)**
Net book amount	**68,468**	**—**	**68,468**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 Property, plant and equipment (continued)

Depreciation expenses of approximately US$5,655,000 (2015: US$7,820,000) have been charged in "cost of services", US$3,000 (2015: US$4,000) in "general and administrative expenses" respectively.

As at 31 March 2016, the Group's property, plant and equipment of US$68,468,000 (2015: US$102,932,000) was pledged as security for bank borrowings of the Group (Note 22).

14 Subsidiaries

The following is a list of the principal subsidiaries of the Company as at 31 March 2016:

Name	Place of incorporation/ establishment	Principal activities	Particulars of issued share capital	Interest held by the Company	
				Directly	Indirectly
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	Inactive	10,000 ordinary shares of US$1 each	100%	—
Greater Shipping Co., Ltd.	British Virgin Islands	Inactive	10,002 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%	—
Prosperity Plus Enterprises Limited	British Virgin Islands	Provision of marine transportation services (Inactive during the year)	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%	—
United Edge Holdings Limited	British Virgin Islands	Provision of marine transportation services	10,000 ordinary shares of US$1 each	100%	—
Access key Investments Limited	British Virgin Islands	Investment holding	10,000 ordinary shares of US$1 each	100%	—
Well Century International Limited	Hong Kong	Money lending	10,000 ordinary shares of HK$1 each	—	100%
Delight Beauty Investments Limited	British Virgin Islands	Inactive	10,000 ordinary shares of US$1 each	100%	—

15 Loan receivables

The Group's loan receivables, which arise from the money lending business of providing short-term loans to independent third parties, are denominated in HK dollar.

Loan receivables bear fixed interest rate of 12.0% per annum and are repayable within 1 year from date of draw down. The carrying amounts approximate their fair values due to their short term maturities.

Loan receivables are unsecured and not guaranteed. The maximum exposure to credit at each of the reporting dates is the carrying value of the loan receivables mentioned above. Interest income of US$452,000 has been recognised as revenue in the consolidated statement of comprehensive income.

The credit quality of loan receivables has been assessed by reference to management's assessment about borrowers' credit history. The existing counterparties do not have defaults in the past.

16 Trade and other receivables

	2016 **US$'000**	2015 US$'000
Trade receivables	**600**	1,525
Less: Provision for impairment of trade receivables	**(16)**	(11)
Trade receivables, net	**584**	1,514
Prepayments and deposits	**729**	875
	1,313	2,389

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

Time charter income is normally 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 2016 and 2015, the ageing analysis of the trade receivables based on invoice date were as follows:

	2016 **US$'000**	2015 US$'000
0–30 days	**535**	1,473
31–365 days	**47**	41
Over 365 days	**18**	11
	600	1,525

16 Trade and other receivables (continued)

As at 31 March 2016, trade receivables of US$584,000 (2015: US$1,514,000) 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:

	2016 US$'000	2015 US$'000
1–30 days	535	1,473
31–365 days	47	41
Over 365 days	2	—
	584	1,514

As at 31 March 2016, trade receivables of US$16,000 (2015: US$11,000) were impaired. For the year ended 31 March 2016, no provision (2015: US$8,000) was written off as uncollectible.

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

	2016 US$'000	2015 US$'000
At 1 April	11	8
Provision for receivables impairment	7	11
Unused amount reversed	(2)	—
Receivables written off during the year as uncollectible	—	(8)
At 31 March	16	11

The carrying amounts of trade and other receivables are mainly denominated in US dollar.

17 Cash and bank balances

	2016 US$'000	2015 US$'000
Current		
Pledged bank deposits	1,563	3,378
Cash at bank and on hand	863	421
	2,426	3,799
Non-current		
Pledged bank deposits	1,750	3,774
Cash and bank balances	4,176	7,573
Cash and cash equivalents	863	421

The cash and cash equivalents of US$863,000 (2015: US$421,000) is included for the purpose of the consolidated statement of cash flows.

As at 31 March 2016, the Group's bank deposits of US$3,313,000 (2015: US$7,152,000) were pledged as security for bank borrowings of the Group. Among the pledged bank deposits, US$1,563,000 (2015: US$3,378,000) are of restricted use for daily operation subjected to the approval from banks. In case of default under the loan agreements, the banks have the right to seize the pledged bank deposits.

The interest rates for current bank deposits was approximately 0.22% to 0.25% (2015: 0.22% to 0.75%) per annum. The deposits have a maturity of ranging from 57 to 89 days.

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

	2016 US$'000	2015 US$'000
US dollar	3,600	7,500
HK dollar	574	71
Australian dollar	2	2
	4,176	7,573

18 Asset classified as held for sale

In March 2015, management of Prosperity Plus Enterprises Limited resolved to dispose of a vessel, GH PROSPERITY, which was reclassified from property, plant and equipment to asset classified as held for sales as at 31 March 2015. Management fulfilled the conditions under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operation". GH PROSPERITY was written down from carrying value to fair value less costs to sell amounting to US$3,608,000 and an impairment loss on asset classified as held for sale of US$5,011,000 was recognised in consolidated statement of comprehensive income for the year ended 31 March 2015. On 18 May 2015, GH PROSPERITY was disposed with sales proceeds of US$3,608,000.

19 Share capital

	As at			
	31 March 2016		31 March 2015	
	Number of shares (thousands)	**Amount HK$'000**	Number of shares (thousands)	Amount HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	**2,000,000**	**20,000**	1,000,000	10,000

Ordinary shares, issued and fully paid:

	Number of shares (thousands)	**Share capital** US$'000
At 1 April 2014 and 31 March 2015	**830,000**	1,064
Proceeds from shares issued — placing (Note)	**83,000**	106
Proceeds from exercise of share options (Note 20(ii))	**3,050**	4
As at 31 March 2016	**916,050**	1,174

Note:

On 23 June 2015, the Company completed the placing of 83,000,000 new shares of the Company at a price of HK$1.982 per share (the "Placement"). The proceeds from the Placement after netting off charges upon completion amounting to HK$156,072,000 (equivalent to US$20,009,000) were received on the same date.

20 Share option scheme

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) Share options outstanding at the end of the year have the following expiry date and exercise prices:

Date of grant	Exercise price	Expiry date	Number of option (thousands)	
	HK$		**2016**	2015
21 October 2011	1.15	20 October 2021	**17,000**	17,700
30 April 2015	1.20	29 April 2025	**11,750**	—
Total share options			**28,750**	17,700

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

	2016		2015	
	Weighted average exercise price in HK$ per share option	**Number of options (thousands)**	Weighted average exercise price in HK$ per share option	Number of options (thousands)
At 1 April	**1.15**	**17,700**	1.15	17,700
Granted	**1.20**	**14,100**	—	—
Exercised	**1.19**	**(3,050)**	—	—
Expired	**—**	**—**	—	—
At 31 March	**1.17**	**28,750**	1.15	17,700

20 Share option scheme (continued)

(ii) (continued)

The outstanding options were exercisable. Options exercised during the year ended 31 March 2016 resulted in 3,050,000 shares (2015: Nil shares) being issued at a weighted average exercise price of HK$1.19 (2015: Nil) per share with exercise proceeds of US$465,000 (2015: Nil). The related weighted average share price at time of exercise during the period was HK$1.91 (2015: Nil) per share.

As at 31 March 2016, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 28,750,000 shares, representing 3.14% 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 exercisable 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.

For the year ended 31 March 2016, the total expenses for share options amounted to US$844,000 (2015: US$64,000) are recognised as "Employee benefit expense" in the consolidated statement of comprehensive income (Note 9). The fair values of share options were valued by Colliers International (Hong Kong) Limited, an independent valuer under Binomial Option Pricing model.

21 Reserves

	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 2014	25,120	979	46	13,636	49,846	89,627
Comprehensive income:						
Loss for the year	—	—	—	—	(37,406)	(37,406)
Total comprehensive loss for the year, net of tax	—	—	—	—	(37,406)	(37,406)
Total contributions by and distributions to owners of the Company recognised directly in equity						
Share option scheme:						
— Share-based compensation benefits	—	64	—	—	—	64
At 31 March 2015	25,120	1,043	46	13,636	12,440	52,285

	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 2015	**25,120**	**1,043**	**46**	**13,636**	**12,440**	**52,285**
Comprehensive income:						
Loss for the year	—	—	—	—	**(40,240)**	**(40,240)**
Total comprehensive loss for the year, net of tax	—	—	—	—	**(40,240)**	**(40,240)**
Total contributions by and distributions to owners of the Company recognised directly in equity						
Share option scheme:						
— Share-based compensation benefits	—	**844**	—	—	—	**844**
— Proceeds from shares issued upon exercise of share option	**642**	**(181)**	—	—	—	**461**
Issue of ordinary shares related to placing	**19,903**	—	—	—	—	**19,903**
At 31 March 2016	**45,665**	**1,706**	**46**	**13,636**	**(27,800)**	**33,253**

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

22 Borrowings

	2016 US$'000	2015 US$'000
Non-current		
Bank borrowings (Note i)	—	44,183
Loan from ultimate holding company (Note ii)	—	3,009
	—	47,192
Current		
Bank borrowings (Note i)	**41,170**	10,012
Total borrowings	**41,170**	57,204

Notes:

(i) The bank borrowings bear interest at floating rates that are market dependent. The carrying amounts of the Group's bank borrowings are denominated in US dollar. The fair value of the bank borrowings approximate their carrying amounts.

(ii) The loan is unsecured in nature and bears interest at 4% per annum. The carrying amount of the Group's loan from ultimate holding company is denominated in US dollar. The fair value approximates its carrying amounts.

As at 31 March 2016, the Group had total outstanding bank borrowings of approximately US$41,170,000. The Group has failed to comply with a restrictive undertaking clause set out in loan agreements in connection with the ratio of vessel's market value together with value of security to outstanding borrowing amount (the "Vessel Ratio"). Pursuant to the respective loan agreements, the bank borrowings may become immediately repayable if the Group fails to take remedial actions by repaying the bank borrowings or increasing pledged deposits within a period of time. As at the date of the approval of these consolidated financial statements, the Group has not obtained the waivers from the relevant banks from complying with the relevant Vessel Ratio requirement. According to HKAS 1 "Presentation of Financial Statements", bank borrowings with original maturity after 31 March 2017 of approximately US$34,367,000 have been reclassified as current liabilities.

As at 31 March 2016, the Group's property, plant and equipment of US$68,468,000 (2015: US$102,932,000) was pledged as security for bank borrowings of the Group.

22 Borrowings (continued)

The Group's borrowings were repayable as follows:

	Bank borrowings		Loan from ultimate holding company	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Within 1 year	**41,170**	10,012	**—**	—
Between 1 and 2 years	**—**	6,804	**—**	3,009
Between 2 and 5 years	**—**	27,632	**—**	—
Over 5 years	**—**	9,747	**—**	—
	41,170	54,195	**—**	3,009

The Group's borrowings based on the scheduled repayment dates set out in the loan agreements were repayable as follows:

	Bank borrowings		Loan from ultimate holding company	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Within 1 year	**6,803**	10,012	**—**	—
Between 1 and 2 years	**22,844**	6,804	**—**	3,009
Between 2 and 5 years	**4,908**	27,632	**—**	—
Over 5 years	**6,615**	9,747	**—**	—
	41,170	54,195	**—**	3,009

23 Convertible bonds

	2016	2015
	US$'000	US$'000
Convertible bonds	**3,810**	3,604

23 Convertible bonds (continued)

On 2 September 2013, the Group issued the convertible bonds with principal amount of US$3,000,000 and will be due on 1 September 2018. The convertible bonds bear an interest from their date of issue at a rate of 4% per annum, calculated on a 360-day year basis, on the principal amount, and may be converted in full or in part (multiples of US$100,000) at the initial conversion price of HK$1.184 per conversion share (subject to anti-dilutive adjustment) any time within five years from the date of issue. At initial recognition, the convertible bonds comprised two elements and were accounted for as follows:

- The debt element was treated as a financial liability and measured at amortised cost and interest expense was recognised in the consolidated profit or loss using the effective interest method.

- The share conversion option element was treated as a derivative liability with subsequent changes in fair value being recognised in the consolidated profit or loss.

The movements of the liability component and derivative component of the convertible bonds are set out below:

	Liability component US$'000	**Derivative component** US$'000	**Total** US$'000
At 1 April 2014	2,670	1,032	3,702
Interest expense (Note 8)	187	—	187
Fair value gain	—	(285)	(285)
At 31 March 2015	2,857	747	3,604
Interest expense (Note 8)	201	—	201
Fair value loss	—	5	5
At 31 March 2016	3,058	752	3,810

The fair value of the liability component of the convertible bonds as at 31 March 2016 amounted to US$2,856,000. The fair value is determined by using the Binomial Option Pricing Model based on bond yield of 10.0%. Major inputs to the model included the valuation of share of the Company, expected volatility and risk free rate. The convertible bonds are within level 2 of the fair value hierarchy.

The fair values of the derivative financial liability and convertible bonds are valued by Colliers International (Hong Kong) Limited, an independent valuer.

24 Other payables and accruals

	2016 US$'000	2015 US$'000
Other payables and accruals	1,014	1,981
Receipt in advance from charterers	118	89
	1,132	2,070

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:

	2016 US$'000	2015 US$'000
US dollar	856	1,812
HK dollar	276	258
	1,132	2,070

25 Derivative financial instruments

	2016 US$'000	2015 US$'000
Interest rate swap	213	278

The total notional principal amount of the outstanding interest rate swap as at 31 March 2016 was US$12,000,000 (2015: US$13,100,000).

26 Notes to consolidated statement of cash flows

(a) Cash (used in)/generated from operations

	2016 US$'000	2015 US$'000
Loss before income tax	**(40,174)**	(37,406)
Adjustments for:		
— Finance costs	**2,102**	2,172
— Finance income	**(3)**	(4)
— Depreciation on property, plant and equipment	**5,658**	7,824
— Share-based payments	**844**	64
— Fair value changes in derivative financial instruments	**(60)**	(108)
— Impairment losses	**29,600**	25,623
— (Gain)/loss on disposal of property, plant and equipment and bunker	**(154)**	504
— Others	**8**	—
	(2,179)	(1,331)
Changes in working capital:		
— Trade and other receivables	**728**	826
— Loan receivables	**(6,795)**	—
— Other payables and accruals	**(1,008)**	640
Cash (used in)/generated from operations	**(9,254)**	135

(b) In the consolidated statement of cash flows, proceeds from sale of property, plant and equipment and bunker comprise:

	2016 US$'000	2015 US$'000
Net book amount	**348**	7,299
Gain/(loss) on disposal of property, plant and equipment and bunker	**154**	(504)
Proceeds from disposal of property, plant and equipment and bunker	**502**	6,795

27 Commitments

(a) Operating lease commitments — as lessee

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

	2016 US$'000	2015 US$'000
Office premise		
Not later than one year	366	334
Later than 1 year and no later than 5 years	342	—
	708	334

(b) Operating lease commitments — as lessor

At 31 March 2016, 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:

	2016 US$'000	2015 US$'000
Vessels		
Not later than one year	1,145	1,365

28 Related party transactions

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

(a) Significant transactions with related parties

During the years ended 31 March 2016 and 2015, the Group had the following significant transactions with its related companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 Related party transactions (continued)

(a) Significant transactions with related parties (continued)

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:

	2016 US$'000	2015 US$'000
Interests on convertible bond issued to Ablaze Rich (Note 23)	**201**	187
Interests on loan from Ablaze Rich	**39**	9
Rental expenses paid to Toprich (Asia) Limited (Note (i))	**334**	334
Acquisition of a subsidiary (Note (ii))	**10**	—

Note:

(i) Toprich (Asia) Limited is ultimately wholly-owned by Mr. Yan Kim Po and Ms. Lam Kwan, directors of the Company.

(ii) On 1 October 2015, the Group acquired 100% equity interests in Assess Key Investment Limited (incorporated in BVI) from Mr. Yam Kim Po and Ms. Lam Kwan, directors of the Company at a consideration of US$10,000.

(b) Balances with related parties

As at years ended 31 March 2016 and 2015, the Group had the following significant balances with its related companies.

	2016 US$'000	2015 US$'000
Loan from Ablaze Rich (Note 22)	**—**	3,009
Convertible bond issued to Ablaze Rich (Note 23)	**3,810**	3,604

(c) Transactions with key management personnel

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:

	2016 US$'000	2015 US$'000
Salaries and other short-term employee benefits	**903**	903
Pension costs — defined contribution plans	**12**	10
Share-based payments	**460**	64
	1,375	977

29 Event after the balance sheet sate

(a) Completion of major and connected transaction involving the issue of convertible bonds

On 23 December 2015, the Company entered into a sale and purchase agreement with Mr. Yan Kim Po, Ms. Lam Kwan and Mr. Yin Hai (brother of Mr. Yan Kim Po) to acquire 100% equity interest in Top Build Group Ltd ("Top Build") and its subsidiaries (together, "Top Build Group") at a consideration of US$54,000,000 in total which will be settled by way of issue of the convertible bonds with principal amount of US$54,000,000 in total. On 10 May 2016, the acquisition was completed, Top Build became a direct wholly-owned subsidiary of the Company.

(b) Deed of funding undertakings

On 29 June 2016, Ablaze Rich Investments Limited, the ultimate holding company of the Group, together with the Company's two directors, Mr. Yan Kim Po and Ms. Lam Kwan, (collectively, the "Guarantors"), entered into a deed of funding undertakings to provide funding to the Group. The funding notice shall be issued at the discretion of the Company to Ablaze Rich Investments Limited and the Guarantors within twelve months of the date of the deed. The total amount of funding undertakings shall not exceed US$30,000,000.

The funding when provided shall be treated as an advance to the Company and be repayable by the Company at a suitable time to be agreed among the Company, Ablaze Rich Investments Limited and the Guarantors, but in any event shall only be repaid after at least twelve months from the funding draw down date.

The undertakings shall cease to have effect after twelve months from the date of the deed or upon the Company or any member of the Group having obtained long-term external bank borrowings or other sources of long-term financing with a principal amount of not less than US$30,000,000, whichever is the earlier.

30 Statement of financial position and reserves movements of the Company

	2016 US$'000	2015 US$'000
ASSETS		
Non-current assets		
Investments in subsidiaries	43,902	53,956
Current assets		
Amounts due from subsidiaries	15,610	14,797
Trade and other receivables	115	96
Cash and cash equivalents	1	120
	15,726	15,013
Total assets	59,628	68,969
EQUITY		
Equity attributable to owners of the Company		
Share capital	1,174	1,064
Reserves (Note (a))	48,851	55,426
Total equity	50,025	56,490
LIABILITIES		
Non-current liabilities		
Borrowings	—	3,009
Convertible bonds	3,810	3,604
	3,810	6,613
Current liabilities		
Amounts due to subsidiaries	5,723	5,738
Other payables and accruals	70	128
	5,793	5,866
Total liabilities	9,603	12,479
Total equity and liabilities	59,628	68,969

The statement of financial position was approved by the Board of Directors on 30 June 2016 and was signed on its behalf.

Yan Kim Po	**Lam Kwan**
Director	*Director*

30 Statement of financial position and reserves movements of the Company (continued)

Note (a) Reserves

	Share premium US$'000	Share option reserve US$'000	Other reserve US$'000	Accumulated losses US$'000	Total US$'000
At 1 April 2014	25,120	979	77,443	(30,677)	72,865
Loss for the year	—	—	—	(17,503)	(17,503)
Share-based compensation benefits	—	64	—	—	64
At 31 March 2015	**25,120**	**1,043**	**77,443**	**(48,180)**	**55,426**
Loss for the year	**—**	**—**	**—**	**(27,783)**	**(27,783)**
Share-based compensation benefits	**—**	**844**	**—**	**—**	**844**
Proceeds from shares issued upon exercise of share options	**642**	**(181)**	**—**	**—**	**461**
Issue of ordinary shares related to placing	**19,903**	**—**	**—**	**—**	**19,903**
At 31 March 2016	**45,665**	**1,706**	**77,443**	**(75,963)**	**48,851**

31 Benefits and interests of directors (disclosure required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and Hong Kong listing rules)

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the year ended 31 March 2016 is set out below:

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:

Name	Fees	Salaries	Discretionary bonuses	Housing allowance	Estimated money value of other benefits	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Executive directors:									
Mr. Yan Kim Po	—	250	—	—	—	2	—	—	252
Ms. Lam Kwan (Note (i))	—	208	—	—	—	2	—	—	210
Mr. Cao Jiancheng	—	165	—	—	146	2	—	—	313
Independent non-executive directors:									
Mr. Cheung Kwan Hung	19	—	—	—	51	—	—	—	70
Dr. Chan Chung Bun, Bunny	19	—	—	—	51	—	—	—	70
Mr. Wai Kwok Hung	13	—	—	—	51	—	—	—	64
	51	623	—	—	299	6	—	—	979

31 Benefits and interests of directors (disclosure required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and Hong Kong listing rules) (continued)

(a) Directors' and chief executive's emoluments (continued)

The remuneration of every director and the chief executive for the year ended 31 March 2015 is set out below:

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:

Name	Fees	Salaries	Discretionary bonuses	Housing allowance	Estimated money value of other benefits	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Executive directors:									
Mr. Yan Kim Po	—	250	—	—	8	2	—	—	260
Ms. Lam Kwan (Note (i))	—	208	—	—	8	2	—	—	218
Mr. Cao Jiancheng	—	165	—	—	24	2	—	—	191
Independent non-executive directors:									
Mr. Cheung Kwan Hung	19	—	—	—	—	—	—	—	19
Dr. Chan Chung Bun, Bunny	19	—	—	—	—	—	—	—	19
Mr. Wai Kwok Hung	13	—	—	—	—	—	—	—	13
	51	623	—	—	40	6	—	—	720

None of the directors waived any emoluments during the years ended 31 March 2016 and 2015.

Note:

(i) Ms. Lam Kwan is also the chief executive officer of the Company.

31 Benefits and interests of directors (disclosure required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and Hong Kong listing rules) (continued)

(b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits in respect of their services to the Company and its subsidiaries for the year (2015: Nil).

(c) Consideration provided to third parties for making available directors' services

During the year, the Company has not paid any consideration to any third parties for making available directors' services to the Company (2015: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no loans, quasi-loans and other dealings entered into by the Company or subsidiary undertaking of the Company, where applicable, in favour of the directors, or body corporate controlled by or entities connected with any of the directors at the end of the year or at any time during the year (2015: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, when directly or indirectly, subsisted at the end of the year or at any time during the year.