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

2016

Interim Report

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
"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 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 Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with limited liability
"Conversion Share(s)"	the Share(s) to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds
"Convertible Bonds"	the First Convertible Bonds and, where appropriate, the Second Convertible Bonds
"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 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

Glossary

"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
"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 (悅洋船務有限公司), a company incorporated in the BVI on 21 October 2004 and a wholly-owned subsidiary of the Company
"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 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

Glossary

"PRC" or "China"	the People's Republic of China which, for the purposes of this interim report only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Prosperity Plus"	Prosperity Plus Enterprises Limited, a company incorporated in the BVI on 21 March 2011 and a wholly-owned subsidiary of the Company
"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"	the subscription of the Convertible Bonds by Ablaze Rich pursuant to the terms and conditions of the Subscription Agreement
"Subscription Agreement"	the agreement dated 5 July 2013 and entered into between the Company and Ablaze Rich in respect of the Subscription
"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$54,000,000 due 2021 issued by the Company to Mr. Yan, Ms. Lam and Mr. Yin Hai pursuant to the terms and conditions of the Sale and Purchase Agreement
"Top Build Group"	Top Build Group Ltd. and its subsidiaries
"Union Apex"	Union Apex Mega Shipping Limited (聯合佳成船務有限公司), a company incorporated in Hong Kong on 2 December 2009 and a wholly-owned subsidiary of the Company
"United Edge"	United Edge Holdings Limited, a company incorporated in the BVI on 18 April 2013 and a wholly-owned subsidiary of the Company
"US"	the United States of America
"US$" and "US cents"	US dollars and cents, respectively, the lawful currency of the US
"Way Ocean"	Way Ocean Shipping Limited, a company incorporated in the BVI on 8 October 2010 and a wholly-owned subsidiary of the Company

CORPORATE INFORMATION

Board of Directors

Executive Directors

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

Independent non-executive Directors

Mr. CHEUNG Kwan Hung (張鈞鴻)
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

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

FINANCIAL HIGHLIGHTS

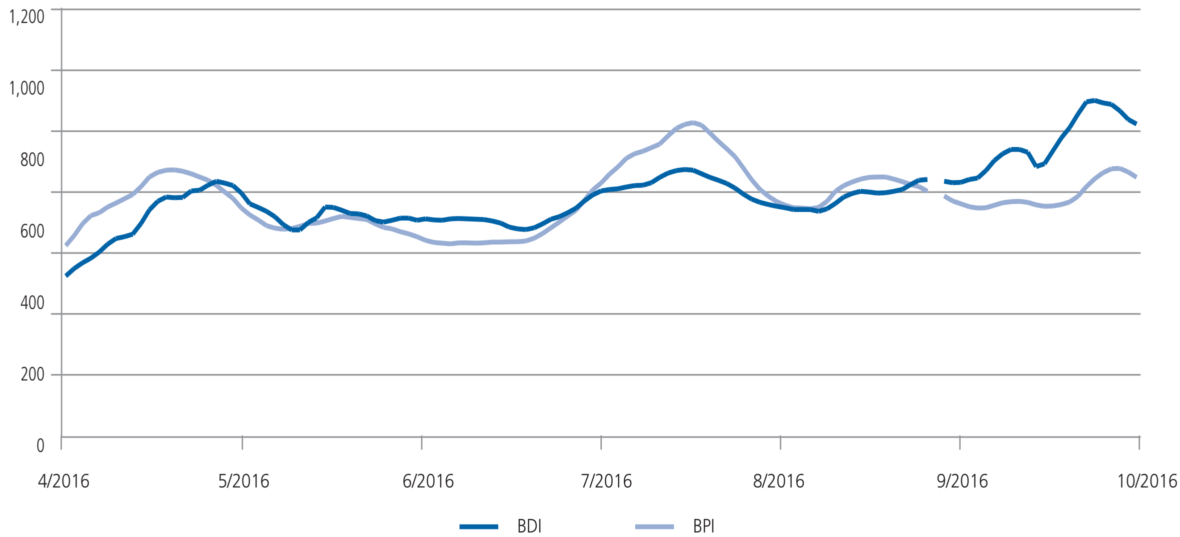
	Six months ended 30 September (Unaudited)	
	2016	2015
	US$'000	US$'000
		(Restated)
Revenue	**3,816**	4,540
Gross loss	**(991)**	(2,735)
Total comprehensive loss attributable to owners of the Company	**(21,508)**	(12,909)
Loss per share attributable to owners of the Company (US$ Cents)	**(2.19 cents)**	(1.28 cents)

	(Unaudited)	
	30 September	31 March
	2016	2016
	US$'000	US$'000
		(Restated)
Total assets	**118.399**	143,932
Total liabilities	**(94,555)**	(65,104)
Net assets	**23,844**	78,828

MANAGEMENT DISCUSSION AND ANALYSIS

Market review

Daily Variation Chart of Baltic Dry Index (BDI) and Baltic Panamax Index (BPI) 1 April 2016–30 September 2016



BDI half-year-high at 941 in September 2016, half-year-low at 450 in April 2016, half-year-average at 675
BPI half-year-high at 879 in July 2016, half-year-low at 535 in April 2016, half-year-average at 666

2016 was another very difficult year for the dry bulk marine transportation industry. The freight rate of dry bulk cargoes has been stagnant. The Baltic Dry Index broke the record of its lowest level to 290 points in February 2016. Taking panamax vessels as example, the average Baltic Dry Index was 666 points during the period from 1 April 2016 to 30 September 2016, dropping by 141 points as compared to the corresponding period of 2015. The average daily charter rate recorded by the Baltic Dry Index was US$5,326, which represented a decrease of US$1,114 as compared to US$6,440 for the same period in 2015. The reasons for the plight of the freight market remained attributable to the oversupply of dry bulk vessels and the minor growth recorded in the demand for dry bulk marine transportation. Although there was an approximately 1% growth in the carrying capacities of dry bulk fleet, the increase in demand for marine transportation was less than 1%, which resulted in the contradiction of demand-supply imbalance of dry bulk vessels remained unresolved. Besides, this situation has also led to a minimal number of vessels rental transactions in the freight market and the freight rate for spot market continued on a downward trend. Since it is unlikely to see a surge in the demand for marine transportation of dry bulk cargoes, the oversupply 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 longer period of time.

During July 2016, the freight rate rebounded in the spot market. However, the momentum for small carrying capacity vessel could not be maintained and fluctuated in August, which reflected that there were more uncertainties and increasing volatility in the freight market, with the spot freight rate still hovering at low levels.

Management Discussion and Analysis

Given the slow global economic growth, demand for marine transportation of dry bulk cargoes hardly achieved any growth in 2016. Among which, China's import volume of dry bulk cargo has run up by approximately 8.3% and the import volumes of iron ore/coal/soybean remained on upward trends, both had made significant contribution to the stability of dry bulk marine transportation market. The dry bulk fleet size recorded a net growth of approximately 11.0 million dwt from the beginning of the year to September 2016. It is expected that the growth of dry bulk fleet size record this year will have a smaller increase than 2015. 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. It is currently 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. For example, in September 2016, the convention in relation to the requirement for the installation of Ballast Water Treatment system on vessels, which was passed by International Maritime Organization (IMO) in 2004, had been signed by a quorum number of members and become effective. Consequently, vessel owners should equip their vessels with new equipments for the fulfillment of such new requirement of the convention. In such circumstances, vessel owners are facing a more severe operating environment under the pressure of new regulations and the use of ultralow sulphur fuel.

Business Review

For the six months ended 30 September 2016, the Group's vessels were under sound operation. 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 99.3% during this period. The average daily charter rate of the Group's vessels was approximately US$4,947, which represented a decrease of approximately 18% as compared to the corresponding period last year. The reasons for the income decline were that (i) the freight rate of dry bulk cargoes in the spot market was lower than that of the corresponding period last year, and (ii) the daily charter rate of the 90,000 ton post-panamax vessel(s) among the Group's fleet was lower than that of standard vessels, which dragged down the Group's overall income of the fleet. If only the standard vessels are taken into account, the average daily charter of the Group's fleet and the average daily charter of panamax vessel in the Baltic Dry Index remained at the same level. The Group's fleet achieved a record of safe operation with zero adverse incident, and all vessels were operating in the spot market this year. 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 vessels within budget.

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.

As at 30 September 2016, the Group did not have any outstanding loan receivables from the money lending business.

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 the Top Build 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. As at the date of completion of the Acquisition, the fair value of the Top Build Convertible Bonds was approximately US$72.6 million. After the completion of the Acquisition, 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) serviced 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.

Market 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 rate and average daily income of vessels will stay at low levels and there will be no substantial change to the current supply glut of vessels. In 2016, the increment in the number of dry bulk vessels was smaller than those of recent years, and the growth in dry bulk marine transportation is also predicted to be limited. Therefore, the current situation of oversupply in freight rate of dry bulk vessels market could not be changed, and the spot freight market has been under downward pressure. After considering the uncertainties that brought to the global economy by the British referendum for Brexit, the International Monetary Fund (IMF) has lowered its forecast of the global economic growth of 2016 and 2017. The latest forecast economic growth rate of 2016 is 3.1% (decreased by 0.1% to the original forecast) and the international trade volume growth of this year is only 2.7% (decreased by 0.4% to the original forecast), which offers almost no help 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. As China's import volume of iron ore remained at a high level and the import volume of coal has run up before winter, the spot freight rate for capesize vessels has increased. It is expected that there will be a further increase in the spot freight rate during the fourth quarter of 2016. In addition, the new canal in Panama has allowed vessel transport from June 2016, leading to changes on the division of operation areas for vessels. 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 the imported iron ore and coal in China would be larger than the expected growth in the beginning of this year, of which the growth for import volume of iron ore was 7% (the actual growth for January to September 2016 was 9.1%), and the growth for import volume of coal was 5% (the actual growth for January to September 2016 was 15.2%). If the recent rising momentum preserves, it will be contributable to the stability of the spot freight rate this year. 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, the increasing volume of imported dry bulk food in China will be positive to the demand for panamax vessels.

In the beginning of 2016, it was expected that with the rapid economic growth in India, there would be a larger increase of coal import to India and the demand for dry bulk vessels would also increase. Nonetheless, there was in fact a larger decrease in the actual import volume of coal to India.

The dry bulk fleet is expected to grow at a slower pace of 2% this year when full delivery is made for the orders of newly-built vessels (the actual growth of dry bulk fleet for January to September 2016 was 1.7%). 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 hover at low levels. This will have a positive impact on vessel operations.

Given the depressed spot freight market, the Company 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 the 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.

On the other hand, 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. 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 zones 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 in the future.

Financial review

As announced by the Company on 10 May 2016, completion of the Acquisition took place on 10 May 2016. Accordingly, the Group is beneficially interested in the entire issued share capital of Top Build, which indirectly via its subsidiaries holds 91% interest in 海南華儲實業有限公司 which holds the Lands.

The Group adopts merger accounting for common control combination in respect of the Acquisition as mentioned in Note 1 to the Condensed Consolidated Interim Financial Information in this interim report.

The comparative amounts in the Condensed Consolidated Interim Financial Information in this interim report are restated as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

Revenue

Revenue of the Group decreased from about US$4.5 million for the six months ended 30 September 2015 to about US$3.8 million for the six months ended 30 September 2016, representing a decrease of about US$0.7 million, or about 15.9%. It comprised chartering income of approximately US$3.6 million (constituted approximately 94.3% of the revenue of the Group, for the period ended 30 September 2015: US$4.5 million) and interest income from money lending business of approximately US$0.2 million (constituted approximately 5.7% of the revenue of the Group, for the period ended 30 September 2015: Nil). The average Daily TCE of the Group's fleet decreased from approximately US$6,000 for the six months ended 30 September 2015 to approximately US$5,000 for the six months ended 30 September 2016.

Cost of services

Cost of services of the Group dropped from about US$7.3 million for the six months ended 30 September 2015 to about US$4.8 million for the six months ended 30 September 2016, representing a decrease of about US$2.5 million, or about 33.9%. The cost of services was mainly affected by (i) the decrease in depreciation expenses after impairment losses of vessels recognized last year; (ii) the disposal of a vessel during the six months ended 30 September 2015; and (iii) the decrease in bunker cost due to mark to market gain of bunker inventory at delivery of vessels to charterers arisen from slight recovery in bunker market price.

Gross loss

Gross loss of the Group decreased from about US$2.7 million for the six months ended 30 September 2015 to about US$1.0 million for the six months ended 30 September 2016, representing a difference of approximately US$1.7 million, while the gross loss margin improved from approximately 60.2% for the six months ended 30 September 2015 to approximately 26.0% for the six months ended 30 September 2016. It was mainly attributable to the decrease in depreciation expenses after impairment losses of vessels recognized last year and the mark to market gain in bunker recorded.

General and administrative expenses

General and administrative expenses of the Group decreased from approximately US$2.0 million for the six months ended 30 September 2015 to approximately US$1.2 million for the six months ended 30 September 2016, representing a decrease of approximately US$0.8 million or approximately 39.0%. It was mainly due to the share options granted on 30 April 2015 being fully accounted for as expenses during the six months ended 30 September 2015.

Finance costs

Finance costs of the Group increased from approximately US$1.2 million for the six months ended 30 September 2015 to approximately US$2.0 million for the six months ended 30 September 2016, representing an increase of approximately US$0.8 million or approximately 71.5%. Such increase was mainly attributable to the amortization of finance costs for the issuance of the US$54.0 million Top Build Convertible Bonds.

Management Discussion and Analysis

Loss and total comprehensive loss

The Group incurred a loss of approximately US$20.1 million for the six months ended 30 September 2016 as compared with a loss of approximately US$11.3 million for the six months ended 30 September 2015. Such increase was mainly due to (i) the impairment losses of US$16.0 million of the Group's vessels (for the six months ended 30 September 2015: US$5.1 million); (ii) the decrease in gross loss of approximately US$1.7 million; (iii) the effect of changes in valuation of investment property from other loss of approximately US$0.6 million for the six months end 30 September 2015 to other gain of approximately US$0.5 million for the six months ended 30 September 2016; (iv) the decrease in share based payments; and (v) the increase in finance costs.

Liquidity, financial resources, capital structure and gearing ratio

As at 30 September 2016, the Group's cash and cash equivalent amounted to approximately US$2.1 million (as at 31 March 2016: approximately US$0.9 million), of which approximately 20.4% was denominated in US$ and approximately 79.4% in HK$. Outstanding bank loans amounted to approximately US$36.0 million (as at 31 March 2016: approximately US$41.2 million) and other borrowings amounted to US$38.9 million (as at 31 March 2016: approximately US$3.8 million), which were denominated in US$.

As at 30 September 2016 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 about 63.3% and 31.3% respectively. The increase in gearing ratio as at 30 September 2016 was mainly due to the issue of the Top Build Convertible Bonds on 10 May 2016.

The Group recorded net current liabilities of about US$16.3 million as at 30 September 2016 and approximately US$35.3 million as at 31 March 2016. Such improvement was mainly due to the amount of non-current bank borrowings being reclassified as current liabilities decreased to approximately US$10.3 million (at 31 March 2016: approximately US$34.4 million) after the Group entered into various supplemental agreements with the related bank to supplement some of these loan agreements and thereafter, the Group has complied with the relevant restrictive undertaking clause of the these loan agreements. The management maintains continuous relationship 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 30 September 2016.

The Group monitors the current and expected liquidity requirements regularly to mitigate the effects of fluctuations in cash flows. The Company 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 ("First Facility") and US$2,000,000 ("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 30 September 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.

On 29 June 2016, the Company entered into a deed of funding undertakings ("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 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.

On 30 September 2016, the Company renewed the Deed. 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 fourteen months of the date of the deed. The undertakings shall cease to have effect after fourteen 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 other terms remains unchanged.

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, 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 a subscription agreement with Ablaze Rich in respect of, amongst others 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 issue and subscription of the First Convertible Bonds 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 30 September 2016, the entire principal amount of the First Convertible Bonds remained outstanding.

As announced by the Company on 10 May 2016, completion of the Acquisition took place on 10 May 2016 and the Top Build Convertible Bonds were issued to Mr. Yan, Ms. Lam and Mr. Yin Hai respectively.

As at 30 September 2016, the entire principal amount of the Top Build 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 ("Placing"). 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 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. The net proceeds, after deducting related placing commission, professional fees and all related expenses, were approximately US$20.0 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 30 September 2016, the net proceeds had been fully utilised by the Group for repayment of the First Facility and the Second Facility, the money lending business and general working capital.

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

Pursuant to Rule 13.18 of the Listing Rules, a general disclosure obligation will arise where an issuer or any of its subsidiaries enters into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholders, such as a requirement to maintain a specified minimum holding in the share capital of the issuer. As at 30 September 2016, the Group recorded outstanding bank loans of about US$36.0 million and 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 Directors of the Company 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.

The Directors have confirmed that, save as disclosed above, as at the date of this interim report, there are no other matters that would require disclosure under Rules 13.13 to 13.19 of the Listing Rules.

Charges on assets

As at 30 September 2016, the Group had pledged the following assets to banks as securities against banking facilities granted to the Group:

	(Unaudited) 30 September 2016 US$'000	31 March 2016 US$'000 (restated)
Property, plant and equipment	**50,600**	68,468
Pledged bank deposits	**3,052**	3,313
	53,652	71,781

Exposure to fluctuations in exchange rate risk and related hedges

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

During the six months ended 30 September 2016, 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 30 September 2016 was US$11.5 million (as at 31 March 2016: US$12 million).

Contingent liabilities

There were no significant contingent liabilities for the Group as at 30 September 2016.

Interim dividend

The Board does not recommend any interim dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: Nil).

Purchase, sale or redemption of the Company's listed securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2016.

Management Discussion and Analysis

Employees

As at 30 September 2016, the Group had a total of 92 employees (as at 30 September 2015: 95 employees). For the six months ended 30 September 2016, the total salaries and related costs (including Directors' fees) amounted to approximately US$2.2 million (as at 30 September 2015: US$3.2 million). It is the Group's policy to remunerate its employees with reference 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 below:

Board of Directors

Executive Directors

Mr. YAN Kim Po (殷劍波), aged 55, 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 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 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 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 "Corporate Governance and Other Information — Directors and Chief Executives' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this interim report.

Ms. LAM Kwan (林群), aged 49, 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 and a director of KLW Holdings Limited (SGX Stock Code: 504), a company listed on Singapore Exchange Securities Trading Limited. She is also a vice chairman of Pok Oi Hospital, an honorary director of Hong Kong Baptist University Foundation 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 and Ms. Lam herself have an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Corporate Governance and Other Information — Directors and Chief Executives' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this interim report.

Mr. CAO Jiancheng (曹建成), aged 60, 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 also held management position as a manager at Valles Steamship Company Limited from 2001 to

2002. Mr. Cao completed the training course for international shipping professional education and obtained a certificate of completion from 上海海運學院 (Shanghai Maritime Institute) in December 1991 through long distance learning, and graduated from Murdoch University with a Master degree of Business Administration in March 1999. Mr. Cao had also been a captain as recognised by the Maritime Affairs Inspection Bureau of the PRC, the Directorate General of Consular and Maritime Affairs of The Republic of Panama and the Bureau of Maritime Affairs of the Ministry of Transport of The Republic of Liberia. Mr. Cao has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Corporate Governance and Other Information — Directors and Chief Executives' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this interim report.

Independent non-executive Directors

Mr. CHEUNG Kwan Hung (張鈞鴻), aged 65, 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 Tou Rong Chang Fu Group Limited (formerly known as 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 "Corporate Governance and Other Information — Directors and Chief Executives' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this interim report.

Dr. CHAN Chung Bun, Bunny (陳振彬), GBS, JP, aged 59, 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 respectively. 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 "Corporate Governance and Other Information — Directors and Chief Executives' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this interim report.

Mr. WAI Kwok Hung (韋國洪), aged 62, 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 "Corporate Governance and Other Information — Directors and Chief Executives' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this interim report.

Senior management

Mr. SUNG Lik Man (宋力文), aged 45, is the vice general manager of the Group. Mr. Sung is responsible for the Group's overall operational management. He obtained his bachelor's degree in Maritime Management from Dalian Maritime University (大連海事大學) in July 1995. Mr. Sung has extensive experiences in the marine transportation industry and he joined the Group in June 2010 as the vice general manager of Union Apex. Before joining Union Apex, Mr. Sung was the chartering manager of Million Miles Shipping (Hong Kong) Limited from March 2003 to June 2010. Before joining Million Miles Shipping (Hong Kong) Limited, Mr. Sung also worked for COSCO (Hong Kong) Shipping Co., Ltd., a subsidiary of China COSCO Holdings Company Limited (Stock Code: 1919), a company listed on the Main Board of the Stock Exchange, from February 2000 to February 2003.

Mr. LAU Ying Kit (劉英傑), aged 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 three companies listed on the Main Board of the Stock Exchange, namely Kingdom Holdings Limited (Stock Code: 528) Xiezhong International Holdings Limited (Stock Code: 3663) and China Wood Optimization (Holding) Limited (Stock Code: 1885).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Directors' and Chief Executives' interest in Shares, underlying Shares and debentures of the Company and its associated corporation

As at 30 September 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 corporation (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 11)*
Mr. Yan	Interest of controlled corporation *(Note 2)*	622,215,000 (L)	—	67.85%
	Beneficial owner *(Note 3)*	—	2,100,000 (L)	0.23%
	Family interest *(Note 4)*	727,500 (L)	—	0.08%
	Family interest *(Note 3)*	—	2,100,000 (L)	0.23%
	Interest of controlled corporation *(Note 5)*	—	19,763,513 (L)	2.16%
	Beneficial owner and family interest *(Note 6)*	—	305,474,451 (L)	33.31%
Ms. Lam	Interest of controlled corporation *(Note 2)*	622,215,000 (L)	—	67.85%
	Beneficial owner *(Note 4)*	727,500 (L)	—	0.08%
	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 5)*	—	19,763,513 (L)	2.16%
	Beneficial owner and family interest *(Note 6)*	—	305,474,451 (L)	33.31%
Mr. Cao Jiancheng	Beneficial owner *(Note 7)*	500,000 (L)	7,800,000 (L)	0.91%
Mr. Cheung Kwan Hung	Beneficial owner *(Note 8)*	—	800,000 (L)	0.09%
Dr. Chan Chung Bun, Bunny	Beneficial owner *(Note 9)*	—	800,000 (L)	0.09%
Mr. Wai Kwok Hung	Beneficial owner *(Note 10)*	—	300,000 (L)	0.03%

Corporate Governance and Other Information

Notes:

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

(2) These 622,215,000 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 30 September 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 727,500 Shares were held by Ms. Lam. As Mr. Yan and Ms. Lam have a spousal relationship, Mr. Yan was deemed to be interested in the Shares in which Ms. Lam was interested by virtue of the SFO.

(5) 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 30 September 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.

(6) 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 Share 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.

(7) 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. 500,000 Shares were held by Mr. Cao Jiancheng. 7,800,000 share options remained outstanding as at 30 September 2016.

(8) 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 30 September 2016.

(9) 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 30 September 2016.

(10) 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 30 September 2016.

Corporate Governance and Other Information

(11) The percentage is calculated on the basis of 917,000,000 Shares in issue as at 30 September 2016.

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

Interest in shares and underlying shares of associated corporation:

Name of Director	Number of associated corporation	Capacity/Nature of interest	Name 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 the associated corporation.

Save as disclosed above, as at 30 September 2016, none of the Directors or 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 30 September 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	Name of Shares held *(Note 1)*	Number of underlying Shares held *(Note 1)*	Approximate percentage of interest (%) *(Note 4)*
Ablaze Rich	Beneficial owner	622,215,000 (L)	—	67.85%
	Beneficial owner *(Note 2)*	—	19,763,513 (L)	2.16%
廣州匯垠發展投資合伙企業 (for identification only, Guangzhou Huiyin Development Investment Partnership Enterprise)	Investment manager	91,000,000 (L)	—	9.92%
Yin Hai	Beneficial owner *(Note 3)*	—	76,368,613 (L)	8.33%

Notes:

(1) The letter "L" denotes the person's long position in the Shares or underlying 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 30 September 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) These 76,368,613 Shares represented the total number of Shares which may be allotted and issued to Mr. Yin 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 Share 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.

(4) The percentage is calculated on the basis of 917,000,000 Shares in issue as at 30 September 2016.

Save as disclosed above, as at 30 September 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.

Corporate Governance and Other Information

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

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

The total number of Shares which may be allotted and issued upon exercise of all options (excluding for this purpose options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any share option scheme of the Group must not in aggregate exceed 83,000,000 Shares, representing 10% of the Shares in issue as at 19 August 2011 (i.e. the date on which the Share Option Scheme was adopted by the Company) and 9.05% of the shares in issue as at the date of this interim 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 at a 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.

Corporate Governance and Other Information

During the six months ended 30 September 2016, movements of the share options granted under the Share Option Scheme are summarized as follows:

					Number of share options					
List of grantees	Date of grant	Exercise period	Closing price per Share immediately before the date of grant *HK$*	Exercise price per share *HK$*	Outstanding as at 1 April 2016	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 September 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	1,500,000	—	—	—	—	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
					7,800,000	—	—	—	—	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
Mr. Wai Kwok Hung	30 April 2015	30 April 2015–29 April 2025	$1.15	$1.20	300,000	—	—	—	—	300,000
					300,000	—	—	—	—	300,000
Sub-total					13,900,000	—	—	—	—	13,900,000
Employees	21 October 2011	21 October 2012–20 October 2021	$1.15	$1.15	2,300,000	—	(700,000)	—	—	1,600,000
	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					10,800,000	—	(700,000)	—	—	10,100,000
Others	30 April 2015	30 April 2015–29 April 2025	$1.15	$1.20	4,050,000	—	(250,000)	—	—	3,800,000
Sub-total					4,050,000	—	(250,000)	—	—	3,800,000
Total					28,750,000	—	(950,000)	—	—	27,800,000

Compliance with 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 six months ended 30 September 2016 and up to the date of this interim report, the Company has been in compliance with the code provisions set out in the CG Code.

Compliance with 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 throughout the six months ended 30 September 2016 and up to the date of this interim report.

Appreciation

The Board would like to sincerely thank all our staff for their hard work and all our business partners for their trust and support.

On behalf of the Board
Yan Kim Po
Chairman

Hong Kong, 29 November 2016

AUDIT COMMITTEE REPORT

The Audit Committee has reviewed with the management of the Group the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including a review of the unaudited condensed consolidated financial information of the Group for the six months ended 30 September 2016 with Directors. The unaudited condensed consolidated financial information have been reviewed by the Group's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants and reports obtained from the management of the Group. The Audit Committee has reviewed the interim results for the six months ended 30th September 2016.

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

Hong Kong, 29 November 2016

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

pwc 羅兵咸永道

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

Introduction

We have reviewed the interim financial information set out on pages 31 to 68, which comprises the interim condensed consolidated statement of financial position of Great Harvest Maeta Group Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 September 2016 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

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

Report on Review of Interim Financial Information

Emphasis of matter

We draw your attention to Note 2.1 to the unaudited interim condensed consolidated financial information, which states that the Group recorded a net loss attributable to the equity holders of US$20,101,000. As at the same date, the Group's current liabilities exceeded its current assets by US$16,294,000. In addition, the Group failed to comply with an undertaking requirement of a bank borrowing of approximately US$11,448,000 as at 30 September 2016. These matters, along with other matters as described in Note 2.1 to the unaudited interim condensed consolidated financial information, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not qualified in respect of this matter.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 29 November 2016

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2016

	Note	Unaudited Six months ended 30 September 2016 US$'000	2015 US$'000 (Restated)
Revenue	6	**3,816**	4,540
Cost of services		**(4,807)**	(7,275)
Gross loss		**(991)**	(2,735)
Other gains/(losses) — net	7	**259**	(582)
Other income		**14**	111
General and administrative expenses		**(1,197)**	(1,957)
Impairment losses on property, plant and equipment		**(16,000)**	(5,100)
Operating loss	8	**(17,915)**	(10,263)
Finance income	9	**—**	2
Finance costs	9	**(1,985)**	(1,158)
Finance costs — net	9	**(1,985)**	(1,156)
Loss before income tax		**(19,900)**	(11,419)
Income tax (expense)/credit	10	**(168)**	154
Loss for the period		**(20,068)**	(11,265)
Loss attributable to:			
— Owners of the Company		**(20,101)**	(11,221)
— Non-controlling interest		**33**	(44)
		(20,068)	(11,265)
Loss per share attributable to owners of the Company			
— Basic and diluted	11	**(US2.19 cents)**	(US1.28 cents)
Other Comprehensive loss for the period		**(20,068)**	(11,265)
Items that may be reclassified to profit or loss			
Currency translation differences		**(1,440)**	(1,644)
Total comprehensive loss for the period		**(21,508)**	(12,909)
Total comprehensive loss attributable to:			
— Owners of the Company		**(21,411)**	(12,717)
— Non-controlling interest		**(97)**	(192)
		(21,508)	(12,909)

The accompanying notes are an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

	Note	Unaudited 30 September 2016 US$'000	31 March 2016 US$'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	13	50,604	68,475
Investment properties	14	61,555	63,094
Pledged bank deposits		1,750	1,750
		113,909	133,319
Current assets			
Trade and other receivables	15	1,048	1,367
Amount due from related companies		8	8
Loan receivables		—	6,795
Pledged bank deposits		1,302	1,563
Cash and cash equivalents		2,132	880
		4,490	10,613
Total assets		118,399	143,932
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	1,176	1,174
Reserves		18,769	73,658
		19,945	74,832
Non-controlling interest		3,899	3,996
Total equity		23,844	78,828
LIABILITIES			
Non-current liabilities			
Borrowings	17	19,932	—
Derivative financial instruments	20	136	213
Convertible bonds	19	38,936	3,810
Deferred income tax liabilities	18	14,767	15,131
		73,771	19,154
Current liabilities			
Amount due to related parties	23	3,485	3,599
Other payables and accruals	21	1,212	1,181
Borrowings	17	16,087	41,170
		20,784	45,950
Total liabilities		94,555	65,104
Total equity and liabilities		118,399	143,932

The accompanying notes are an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2016

	Unaudited										
	Attributable to owners of the Company										
	Share capital US$'000	Share premium US$'000	Convertible bonds US$'000	Share option reserve US$'000	Merger reserve US$'000	Other reserves US$'000	Exchange reserve US$'000	Retained profits US$'000	Total US$'000	Non-controlling interest US$'000	Total equity US$'000
Balance at 1 April 2016, as previously reported	1,174	45,665	—	1,706	46	13,636	—	(27,800)	34,427	—	34,427
Adoption of merger accounting	—	—	—	—	8,718	—	(1,795)	33,482	40,405	3,996	44,401
Balance at 1 April 2016, as restated	1,174	45,665	—	1,706	8,764	13,636	(1,795)	5,682	74,832	3,996	78,828
Comprehensive loss											
(Loss)/profit for the period	—	—	—	—	—	—	—	(20,101)	(20,101)	33	(20,068)
Other comprehensive loss											
Currency translation differences	—	—	—	—	—	—	(1,310)	—	(1,310)	(130)	(1,440)
Total comprehensive loss	—	—	—	—	—	—	(1,310)	(20,101)	(21,411)	(97)	(21,508)
Transactions with owners in their capacity as owners											
Issue of convertible bonds (Note 19)	—	—	38,954	—	—	—	—	—	38,954	—	38,954
Common control business combination (Note 24)	—	—	—	—	(72,572)	—	—	—	(72,572)	—	(72,572)
Employee share option scheme:											
— Exercise of share options	2	192	—	(52)	—	—	—	—	142	—	142
Total transactions with owners	2	192	38,954	(52)	(72,572)	—	—	—	(33,476)	—	(33,476)
Balance at 30 September 2016	1,176	45,857	38,954	1,654	(63,808)	13,636	(3,105)	(14,419)	19,945	3,899	23,844

The accompanying notes are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2015

	Unaudited (Restated)										
	Attributable to owners of the Company										
	Share capital US$'000	Share premium US$'000	Convertible bonds US$'000	Share option reserve US$'000	Merger reserve US$'000	Other reserves US$'000	Exchange reserve US$'000	Retained profits US$'000	Total US$'000	Non-controlling interest US$'000	Total equity US$'000
Balance at 1 April 2015, as previously reported	1,064	25,120	—	1,043	46	13,636	—	12,440	53,349	—	53,349
Adoption of merger accounting	—	—	—	—	8,718	—	345	34,312	43,375	4,289	47,664
Balance at 1 April 2015, as restated	1,064	25,120	—	1,043	8,764	13,636	345	46,752	96,724	4,289	101,013
Comprehensive loss											
Loss for the period	—	—	—	—	—	—	—	(11,221)	(11,221)	(44)	(11,265)
Other comprehensive loss											
Currency translation differences	—	—	—	—	—	—	(1,496)	—	(1,496)	(148)	(1,644)
Total comprehensive loss	—	—	—	—	—	—	(1,496)	(11,221)	(12,717)	(192)	(12,909)
Transactions with owners in their capacity as owners											
Employee share option scheme:											
— Value of employee services	—	—	—	844	—	—	—	—	844	—	844
— Exercise of share options	4	642	—	(181)	—	—	—	—	465	—	465
Issue of ordinary shares	106	19,903	—	—	—	—	—	—	20,009	—	20,009
Total transactions with owners	110	20,545	—	663	—	—	—	—	21,318	—	21,318
Balance at 30 September 2015, as restated	1,174	45,665	—	1,706	8,764	13,636	(1,151)	35,531	105,325	4,097	109,422

The accompanying notes are an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2016

	Unaudited Six months ended 30 September	
	2016 US$'000	2015 US$'000 (Restated)
Cash flows from operating activities		
Loss before income tax	**(19,900)**	(11,419)
Adjustments for:		
— Finance cost	**1,985**	1,158
— Finance income	**—**	(2)
— Depreciation	**1,871**	2,853
— Fair value changes in derivative financial instruments	**248**	121
— Fair value changes in investment properties	**(507)**	615
— Share-based payment expense	**—**	844
— Gain on disposal of property, plant and equipment and bunker	**—**	(154)
— Impairment losses on property, plant and equipment	**16,000**	5,100
Changes in working capital:		
— Trade and other receivables	**319**	502
— Other payables and accruals	**(10)**	(658)
— Loan receivables	**6,795**	—
— Balances with related companies	**(114)**	2
Net cash generated from/(used in) operating activities	**6,687**	(1,038)
Cash flows from investing activities		
Interest received	**—**	2
Addition of investment properties	**—**	(59)
Proceeds from disposal of property, plant and equipment and bunker	**—**	502
Proceeds from disposal of asset classified as held for sale	**—**	3,608
Net cash generated from investing activities	**—**	4,053
Cash flows from financing activities		
Proceeds from issue of ordinary shares	**—**	20,009
Proceeds from exercise of share options	**142**	465
Interest paid	**(746)**	(1,018)
Inception of loan from ultimate holding company	**—**	1,000
Repayments of loan from ultimate holding company	**—**	(4,000)
Repayments of bank borrowings	**(5,207)**	(9,726)
Decrease in pledged bank deposits	**261**	3,825
Net cash (used in)/generated from financing activities	**(5,550)**	10,555
Net increase in cash and cash equivalents	**1,137**	13,570
Cash and cash equivalents at beginning of the period	**880**	463
Exchange gains on cash and cash equivalents	**115**	126
Cash and cash equivalents at end of the period	**2,132**	14,159

The accompanying notes are an integral part of this condensed consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

Great Harvest Maeta Group Holdings Limited (the "Company") and its subsidiaries (together, the "Group") are engaged in chartering of dry bulk vessels and property investment and development.

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 Company has its primary listing on The Stock Exchange of Hong Kong Limited (the "Exchange").

The unaudited condensed consolidated interim financial information is presented in US dollars, unless otherwise stated.

On 10 May 2016, the Group completed the acquisition of the entire issued share capital of Top Build Group Ltd. ("Top Build") and its subsidiaries (collectively "Top Build Group") of which Mr. Yan Kim Po and Ms. Lam Kwan are ultimate controlling shareholders. The acquisition is considered as a business combination under common control, which is accounted for using merger accounting method in accordance with the guidance set out in Accounting Guideline 5 'Merger accounting for common control combinations' ("AG5") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The comparative amounts in the unaudited condensed consolidated interim financial information are restated. The details of the merger accounting restatement are set out in Note 24.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 September 2016 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting" issued by the HKICPA and the principles of merger accounting as prescribed in AG5.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

2.1 Going concern basis

For the period ended 30 September 2016, the Group recorded a net loss attributable to the equity holders of US$20,101,000 and had net cash inflows from operating activities of US$6,687,000. As at the same date, the Group's current liabilities exceeded its current assets by US$16,294,000.

2 Basis of preparation (continued)

2.1 Going concern basis (continued)

As at 30 September 2016, the Group had total outstanding bank borrowings amounted to US$36,019,000. During the period, the Group has failed to comply with restrictive undertaking clauses set out in the loan agreements in connection with the ratio of vessel's market value together with value of security to outstanding borrowing amount (the "Vessel Ratio"). In respect of bank borrowings of US$24,571,000, management has taken the necessary remedial actions and successfully negotiated with the relevant bank in July 2016 to revise the restrictive undertaking requirements and to waive the compliance with the Vessel Ratio up to 30 November 2016. In respect of the remaining bank borrowing of approximately US$11,448,000, the Group has not obtained the waiver from the bank from complying with a Vessel Ratio requirement up to the date of the approval of this condensed consolidated interim financial information. Pursuant to the relevant loan agreement, this bank borrowing may become immediately repayable if the Group fails to take such remedial actions as may be required by the bank through repaying the bank borrowings or increasing pledged deposits within a period of time as may be required by the bank. In accordance with the requirements of HKAS 1 "Presentation of Financial Statements", bank borrowing with original maturity after 30 September 2017 of approximately US$10,315,000 has been reclassified as current liabilities.

Moreover, the Group had convertible bonds of US$38,936,000 as at 30 September 2016. Pursuant to the convertible bond agreements, the bondholders have the right to demand for immediate repayment should there be any default events happened in respect of other borrowings of the Group.

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 30 September 2016. The directors are of the opinion that, after taking into account the following plan and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 30 September 2016:

(i) In respect of the bank borrowings of US$24,571,000, the Group will continue to monitor its compliance with the restrictive undertaking conditions after the expiry of the waiver on 30 November 2016. Should the Group be unable to comply with these restrictive undertakings, the directors plan to negotiate with the bank and will seek to revise these undertakings or obtain a waiver of compliance with the Vessel Ratio requirement from the bank.

(ii) In respect of the bank borrowings of US$11,448,000, so far the Group did not receive any communication from the relevant bank. Should the bank require any remedial actions, the directors plan to negotiate with the banks and will seek to revise the existing undertakings or obtain a waiver of the compliance with the Vessel Ratio requirement.

2 Basis of preparation (continued)

2.1 Going concern basis (continued)

(iii) On 30 September 2016, the existing convertible bondholders confirmed that they do not have the intention and will not exercise their rights to demand for immediate repayment of the convertible bonds even if the events allowing such rights to demand happen in the next fourteen months from 30 September 2016.

(iv) On 30 September 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 could be issued at the discretion of the Company to Ablaze Rich Investments Limited and the Guarantors within fourteen 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 fourteenth months from the date of the deed or upon the Company or any member of the Group having obtained additional 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.

(v) 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 December 2016.

(vi) The Group will also continue to seek for other alternative financing and bank borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures.

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 30 September 2016. Accordingly, the directors are satisfied that it is appropriate to prepare the condensed consolidated interim financial information on a going concern basis.

2 Basis of preparation (continued)

2.1 Going concern basis (continued)

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 achieving the following plans:

(i) Successful negotiation with the banks to obtain wavier or to revise the existing terms and conditions of the bank borrowings for the continuous compliance of the restrictive undertaking requirements as and when needed such that the existing bank loans will continue to be available to the Group and be repaid in accordance with the agreed repayment schedules;

(ii) Ablaze Rich Investments Limited and the Guarantors will be able to provide the funding advance up to US$30,000,000 to the Group as and when needed which will be repayable beyond twelve months from the balance sheet date;

(iii) Successful issuance of the convertible bonds as planned by December 2016 and in any case no later than twelve months from the date of report; and

(iv) Obtaining additional sources of financing or bank borrowings 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 condensed consolidated interim financial information.

3 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2016, as described in those annual financial statements.

(a) Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(b) Common control business combinations

The condensed consolidated interim financial information incorporate the financial information of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party, as prescribed in AG 5.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The difference between fair value of acquisition consideration and carrying amount of net assets acquired is adjusted to equity within merger reserve.

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

The comparative amounts in the condensed consolidated interim financial information are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated on consolidation.

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

3 Accounting policies (continued)

(c) Investment properties

Investment property, principally comprising leasehold land, is held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the income statement as part of a valuation gain or loss in 'other gains/(losses) — net'.

(d) Compound financial instruments — convertible bonds

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component, which is included in shareholders' equity in "Convertible bonds". Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

The liability component of a convertible instrument is classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Notes to the Condensed Consolidated Interim Financial Information

3 Accounting policies (continued)

(e) The following new standards, amendments to standards and annual improvements are mandatory for the first time for the financial year beginning 1 April 2016 and currently relevant to the Group:

HKAS 1 (Amendment)	Disclosure initiative
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation
HKAS 16 and HKAS 41 (Amendment)	Agriculture: bearer plants
HKAS 27 (Amendment)	Equity method in separate financial statements
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investments entities applying the consolidation exception
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations
HKFRS 14	Regulatory deferral accounts
Annual improvements project	Annual improvements 2012–2014 cycle

The Group has adopted these new standards, amendments to standard and the adoption of such did not have significant impacts on the Group's results and financial position.

There are no other new standards or amendments to standards that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

(f) The following new standards, amendments to standards and annual improvement have been issued but are not effective for the financial year beginning 1 April 2016 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 7 (Amendment)	Cash flow statement — disclosure initiative	1 April 2017
HKAS 12 (Amendment)	Income tax — recognition of deferred tax assets for unrealised losses	1 April 2017
HKFRS 2 (Amendment)	Share-based payment	1 April 2018
HKFRS 9	Financial instruments	1 April 2018
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	Note
HKFRS 15	Revenue from contracts with customers	1 April 2018
HKFRS 16	Leases	1 April 2019

Note: To be announced by HKICPA

The Group is in the process of assessing the financial impact of the adoption of the above new standards and amendments to standards. The Group will adopt the new standards, amendments to standards when they become effective.

4 Estimates

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar as those that were applied to the consolidated financial statements for the year ended 31 March 2016, with the exception of changes in determining the fair values of newly issued convertible bond (Note 19) and the investment properties (Note 14).

5 Financial risk management and financial instruments

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2016.

There have been no significant changes in the risk management department since year end.

5.2 Cash flow and fair value interest rate risk

The Group is exposed to fair value interest rate risk arising from convertible bond (Note 19). The Group is also exposed to cash flow interest risk arising from floating rate bank borrowings (Note 17), 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") arising from the Group's variable-rate bank borrowings.

The Group also entered into an interest rate swap which partly mitigates the Group to cash flow and interest rate risk. Details of the Group's interest rate swap are disclosed in Note 20.

Except for the convertible bonds with face value of US$3,000,000, bearing a fixed interest rate at 4% per annum 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 30 September 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 period would have been affected by US$48,000 (six months ended 30 September 2015: US$61,000), mainly as a result of fluctuation on interest expenses on floating rate bank borrowings.

5 Financial risk management and financial instruments (continued)

5.3 Liquidity risk

For the period ended 30 September 2016, the Group recorded a net loss attributable to the equity holders of US$20,101,000 and had net cash inflows from operating activities of US$6,687,000. As at the same day, the Group's current liabilities exceeded its current assets by US$16,294,000.

As at 30 September 2016, the Group had total outstanding bank borrowings amounted to US$36,019,000. During the period, the Group has failed to comply with restrictive undertaking clauses set out in the loan agreements in connection with the ratio of vessel's market value together with value of security to outstanding borrowing amount (the "Vessel Ratio"). In respect of bank borrowings of US$24,571,000, management has taken the necessary remedial actions and successfully negotiated with the relevant bank in July 2016 to revise the restrictive undertaking requirements and to waive the compliance with the Vessel Ratio up to 30 November 2016. In respect of the remaining bank borrowing of approximately US$11,448,000, the Group has not obtained the waiver from the bank from complying with a Vessel Ratio requirement up to the date of the approval of these condensed consolidated interim financial information. Pursuant to the relevant loan agreement, this bank borrowing may become immediately repayable if the Group fails to take such remedial actions as may be required by the bank through repaying the bank borrowings or increasing pledged deposits within a period of time. In accordance with the requirements of HKAS 1 "Presentation of Financial Statements", bank borrowing with original maturity after 30 September 2017 of approximately US$10,315,000 has been reclassified as current liabilities.

Moreover, the Group had convertible bonds of US$38,936,000 as at 30 September 2016. Pursuant to the convertible bond agreements, the bondholders have the right to demand for immediate repayment should there be any default events happened in respect of other borrowings of the Group.

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 30 September 2016. The directors are of the opinion that, after taking into account the following plan and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 30 September 2016:

(i) In respect of the bank borrowings of US$24,571,000, the Group will continue to monitor its compliance with the restrictive undertaking conditions after the expiry of the waiver on 30 November 2016. Should the Group be unable to comply with these restrictive undertakings, the directors plan to negotiate with the bank and will seek to revise these undertakings or obtain a waiver of compliance with the Vessel Ratio requirement from the bank.

(ii) In respect of the bank borrowings of US$11,448,000, so far the Group did not receive any communication from the relevant bank. Should the bank require any remedial actions, the directors plan to negotiate with the banks and will seek to revise the existing undertakings or obtain a waiver of the compliance with the Vessel Ratio requirement.

5 Financial risk management and financial instruments (continued)

5.3 Liquidity risk (continued)

(iii) On 30 September 2016, the existing convertible bondholders confirmed that they do not have the intention and will not exercise their rights to demand for immediate repayment of the convertible bonds even if the events allowing such rights to demand happen in the next fourteen months from 30 September 2016.

(iv) On 30 September 2016, Ablaze Rich Investments Limited, the ultimate holding company of the Group, together with Guarantors, entered into a deed of funding undertakings to provide funding to the Group. The funding notice could be issued at the discretion of the Company to Ablaze Rich Investments Limited and the Guarantors within fourteen 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 fourteenth months from the date of the deed or upon the Company or any member of the Group having obtained additional 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 17).

(v) 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 December 2016.

(vi) The Group will also continue to seek for other alternative financing and bank borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures.

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.

The Group has failed to comply with a restrictive undertaking clause set out in a loan agreement in connection with Vessel Ratio. Pursuant to the loan agreement, the bank borrowing may become immediately repayable if the Group fails to take remedial actions by repaying the bank borrowing or increasing pledged deposits within a period of time. The analysis below shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the bank was to invoke their rights to call the bank borrowing in full with immediate effect.

Notes to the Condensed Consolidated Interim Financial Information

5 Financial risk management and financial instruments (continued)

5.3 Liquidity risk (continued)

	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 30 September 2016					
Borrowings	**16,087**	**10,002**	**9,930**	**—**	**36,019**
Interest on borrowings	**1,186**	**518**	**913**	**—**	**2,617**
Derivative financial instruments	**136**	**—**	**—**	**—**	**136**
Convertible bonds and interest payable	**—**	**3,600**	**54,000**	**—**	**57,600**
Other payables and accruals	**1,120**	**—**	**—**	**—**	**1,120**
Amounts due to related parties	**3,485**	**—**	**—**	**—**	**3,485**

	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 (Restated)					
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	1,063	—	—	—	1,063
Amounts due to related parties	3,599	—	—	—	3,599

5 Financial risk management and financial instruments (continued)

5.3 Liquidity risk (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 30 September 2016					
Borrowings	**5,772**	**20,317**	**9,930**	**—**	**36,019**
Interest on borrowings	**1,186**	**620**	**913**	**—**	**2,719**
Derivative financial instruments	**136**	**—**	**—**	**—**	**136**
Convertible bonds and interest payable	**—**	**3,600**	**54,000**	**—**	**57,600**
Other payables and accruals	**1,120**	**—**	**—**	**—**	**1,120**
Amounts due to related parties	**3,485**	**—**	**—**	**—**	**3,485**

	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 (Restated)					
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	1,063	—	—	—	1,063
Amount due to related parties	3,599	—	—	—	3,599

Notes to the Condensed Consolidated Interim Financial Information

5 Financial risk management and financial instruments (continued)

5.4 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. 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 instruments that are measured at fair value at 30 September 2016.

	Level 1 US$'000	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
Liabilities				
Derivative financial instruments				
— interest rate swap	**—**	**136**	**—**	**136**
Convertible bonds				
— derivative component	**—**	**1,077**	**—**	**1,077**
	—	**1,213**	**—**	**1,213**

The following table presents the Group's financial liabilities that are measured at fair value 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 component	—	752	—	752
	—	965	—	965

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 between instruments in Level 1, Level 2 and Level 3 fair value hierarchy classifications. There were no significant changes in valuation methodologies during the period.

5 Financial risk management and financial instruments (continued)

5.5 Valuation methodologies used to derive Level 2 fair values

Level 2 derivative financial instruments comprise interest rate swap and convertible bonds. Interest rate swap is fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for Level 2 derivatives.

The derivative component of convertible bonds is 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.

5.6 Group's valuation processes

The Group's finance department reviews the valuations of financial instruments that are stated at fair value and involves independent valuer to perform the valuations that are required for financial reporting purposes. These valuation results are then reported to the chief financial officer and group senior management and board of directors for discussions in relation to the valuation processes and the reasonableness of the valuation results.

5.7 Fair value of financial assets and liabilities measured at amortised cost

The fair values of the trade and other receivables, pledged bank deposits, cash and cash equivalents, other payables and accruals as at 30 September 2016 approximate their carrying amounts due to their short term maturities.

The fair values of the bank borrowings as at 30 September 2016 approximate their carrying amounts as they bear interest at floating rates that are market dependent. The fair value of the liability component of convertible bonds approximates its carrying amount as the amount bears interest at commercial terms.

6 Revenue and segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision-makers ("CODM") (i.e. executive directors), that are used to make strategic decisions and resources allocation.

The operating segments comprise:

— Chartering of vessels

— Property investment and development

— Others primarily comprise the money lending business

6 Revenue and segment information (continued)

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 performance of the operating segments was assessed based on their segment profit or loss before income tax, which is measured in a manner consistent with that in the condensed consolidated interim financial information.

Segment assets are those operating assets that are employed by a segment in its operating activities. Segment liabilities are those operating liabilities that result from operating activities of a segment. Segment assets and liabilities exclude corporate assets and liabilities, which are managed on a central basis. Segment assets and liabilities reported to the Directors are measured in a manner consistent with that in the condensed consolidated interim financial information.

(a) Segment revenues, results and other information

	Chartering of vessels US$'000	Property investment and development US$'000	Others US$'000	Total US$'000
Six months ended 30 September 2016				
Revenues	**3,598**	**—**	**218**	**3,816**
Segment loss	**(18,725)**	**(593)**	**(582)**	**(19,900)**
Income tax expense				**(168)**
Loss for the period				**(20,068)**
Depreciation	**(1,867)**	**(3)**	**(1)**	**(1,871)**
Impairment losses on property, plant and equipment	**(16,000)**	**—**	**—**	**(16,000)**
Finance cost	**(906)**	**(1,079)**	**—**	**(1,985)**

6 Revenue and segment information (continued)

(a) Segment revenues, results and other information (continued)

	Chartering of vessels US$'000	Property investment and development US$'000	Others US$'000	Total US$'000
Six months ended 30 September 2015 (Restated)				
Revenues	4,540	—	—	4,540
Segment loss	(9,442)	(650)	(1,327)	(11,419)
Income tax credit				154
Loss for the period				(11,265)
Depreciation	(2,846)	(5)	(2)	(2,853)
Impairment losses on property, plant and equipment	(5,100)	—	—	(5,100)
Finance cost	(1,158)	—	—	(1,158)

(b) Segment assets

The following is an analysis of the Group's assets by reportable operating segments:

	Chartering of vessels US$'000	**Property investment and development** US$'000	**Others** US$'000	**Total** US$'000
As at 30 September 2016				
Segment assets	**55,039**	**61,618**	**1,742**	**118,399**
As at 31 March 2016 (Restated)				
Segment assets	73,303	63,179	7,450	143,932

Notes to the Condensed Consolidated Interim Financial Information

6 Revenue and segment information (continued)

(c) Geographical information

Due to the nature of the provision of vessel chartering services and money lending business, which are carried out internationally, the directors consider that it is not meaningful to provide the financial information by geographical segment. For property investment and development business, the investment properties are still under development. Accordingly, geographical segment revenue is not presented.

7 Other gains/(losses) — net

	Six months ended 30 September	
	2016 US$'000	2015 US$'000 (Restated)
Fair value gains/(losses) on:		
— Investment properties	**507**	(615)
— Convertible bonds	**(325)**	(112)
— Interest rate swap	**77**	(9)
Gain on disposal of property, plant and equipment and bunker	**—**	154
	259	(582)

8 Operating loss

The following items have been charged to the operating loss during the period:

	Six months ended 30 September	
	2016 US$'000	2015 US$'000 (Restated)
Depreciation of property, plant and equipment (Note 13)	**1,871**	2,853
Impairment losses on property, plant and equipment	**16,000**	5,100
Crew expenses (included in cost of services)	**1,574**	1,736
Operating lease rental for land and building	**190**	176
Employee benefit expenses (including directors' emoluments)		
Fee, salaries and other benefit costs	**590**	600
Pension costs — retirement benefit plans	**10**	11
Share-based payment expense	**—**	844

Notes to the Condensed Consolidated Interim Financial Information

9 Finance costs — net

	Six months ended 30 September	
	2016 US$'000	2015 US$'000 (Restated)
Finance income		
Interest income	**—**	(2)
Finance costs		
Interest expense on borrowings	**657**	834
Arrangement fee on bank borrowings	**76**	127
Interest expense on convertible bonds (Note 19)	**1,183**	98
Interest expense on derivative financial instruments	**69**	99
	1,985	1,158
Finance costs — net	**1,985**	1,156

10 Income tax expense/(credit)

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the six months ended 30 September 2016. The subsidiary established in the PRC is subject to corporate income tax rate of 25% (2015: 25%). 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.

	Six months ended 30 September	
	2016 US$'000	2015 US$'000 (Restated)
Current income tax		
— Hong Kong profits tax	**41**	—
Deferred income tax	**127**	(154)
Income tax expense/(credit)	**168**	(154)

Notes to the Condensed Consolidated Interim Financial Information

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 period.

	Six months ended 30 September	
	2016	2015 (Restated)
Loss attributable to owners of the Company (US$'000)	**20,101**	11,221
Weighted average number of ordinary shares in issue (thousands)	**916,319**	877,047
Basic loss per share (US cents per share)	**2.19**	1.28

(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 made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price 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 above 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 six months ended 30 September 2016 and 2015 (as restated) equal basic loss per share as the exercise of the outstanding share options and convertible bonds would be anti-dilutive.

12 Dividend

The board of directors does not recommend the payment of interim dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: Nil).

13 Property, plant and equipment

	2016	2015
	US$'000	US$'000
		(Restated)
Six months ended 30 September		
Opening net book amount at 1 April, as restated	**68,475**	102,951
Depreciation	**(1,871)**	(2,853)
Provision for impairment losses	**(16,000)**	(5,100)
Closing net book amount at 30 September	**50,604**	94,998

Depreciation expense of approximately US$1,867,000 (six months ended 30 September 2015: US$2,846,000) has been charged in "Cost of services" and US$4,000 (six months ended 30 September 2015: US$7,000) in "General and administrative expenses".

The Group regards its individual vessels as separately identifiable cash generating units. For the six months ended 30 September 2016, management considered there is an impairment indicator due to the continuous losses suffered by lower charter rate than previously forecasted. The Group has performed an impairment assessment of these vessels based on value in use method. As a result, the Group recognised impairment losses of US$16,000,000 (six months ended 30 September 2015: US$5,100,000) on vessels.

As at 30 September 2016, the Group's property, plant and equipment of US$50,600,000 (31 March 2016: US$68,468,000) was pledged as security for bank borrowings of the Group.

Notes to the Condensed Consolidated Interim Financial Information

14 Investment properties

	2016 US$'000	2015 US$'000 (Restated)
Six months ended 30 September		
Opening net book amount at 1 April, as restated	**63,094**	67,481
Addition	**—**	59
Fair value gain/(loss)	**507**	(615)
Exchange difference	**(2,046)**	(2,327)
Closing net book amount at 30 September	**61,555**	64,598

The fair value measurement information for these investment properties in accordance with HKFRS 13 based on significant unobservable inputs (level 3) as at 30 September 2016 and 31 March 2016.

There were no transfers among Level 1, Level 2 and Level 3 during the period.

The valuations of the investment properties at 30 September 2016, 31 March 2016 (as restated), 30 September 2015 (as restated) and 31 March 2015 (as restated) were carried out by an independent firm, Hong Kong Appraisal Advisory Limited.

Level 3 fair values of investment properties have been derived using the adjusted sales comparison approach.

The key unobservable inputs, representing the adjustments to comparable, used in valuing the investment properties under level 3 includes time adjustment, location adjustment, development scale adjustment and land use right adjustment. The aggregate adjustment ranges from –15% to 8%.

The fair value measurement of investment properties is positively correlated to time adjustment, location adjustment and land use rights term adjustment and negatively correlated to development scale adjustment.

There were no changes in valuation methodologies during the period.

15 Trade and other receivables

	As at 30 September 2016 US$'000	As at 31 March 2016 US$'000 (Restated)
Trade receivables	**345**	600
Less: Provision for impairment of trade receivables	**(16)**	(16)
Trade receivables — net	**329**	584
Prepayments and deposits	**719**	783
	1,048	1,367

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 30 September 2016 and 31 March 2016, the ageing analysis of gross trade receivables based on invoice date was as follows:

	As at 30 September 2016 US$'000	As at 31 March 2016 US$'000 (Restated)
0–30 days	**207**	535
31–365 days	**96**	47
Over 365 days	**42**	18
	345	600

16 Share capital

	As at 30 September 2016 Number of shares (thousands)	As at 30 September 2016 Amount HK$'000	As at 31 March 2016 Number of shares (thousands)	As at 31 March 2016 Amount HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	**2,000,000**	**20,000**	2,000,000	20,000

16 Share capital (continued)

Issued and fully paid:

	Number of shares (thousands)	Share capital US$'000
At 1 April 2016	**916,050**	**1,174**
Exercise of share options (Note b)	**950**	**2**
At 30 September 2016	**917,000**	**1,176**
At 1 April 2015	830,000	1,064
Issue of shares — placing (Note a)	83,000	106
Exercise of share options (Note b)	3,050	4
At 30 September 2015	916,050	1,174

Note:

(a) 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.

(b) The outstanding options were exercisable. Options exercised during the period ended 30 September 2016 resulted in 950,000 shares (30 September 2015: 3,050,000 shares) being issued at a weighted average exercise price of HK$1.16 (30 September 2015: HK$1.19) per share with exercise proceeds of US$142,000 (30 September 2015: US$465,000). The related weighted average share price at time of exercise during the period was HK$1.33 (30 September 2015: HK$1.91) per share.

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

		Number of share options (thousands)				
Date of grant	**Exercise price**	**At 1 April 2016**	**Granted during the period**	**Exercised during the period**	**Lapsed during the period**	**At 30 September 2016**
21 October 2011	HK$1.15	17,000	—	(700)	—	16,300
30 April 2015	HK$1.20	11,750	—	(250)	—	11,500

The share options granted are immediately exercisable and the Group has accounted for the share options by recognising an expense.

17 Borrowings

	As at	
	30 September 2016 US$'000	31 March 2016 US$'000
Bank borrowings		
— Non-current	**19,932**	—
— Current	**16,087**	41,170
	36,019	41,170

As at 30 September 2016, the Group had total outstanding bank borrowings amounted to US$36,019,000. During the period, the Group has failed to comply with restrictive undertaking clauses set out in the loan agreements in connection with the ratio of vessel's market value together with value of security to outstanding borrowing amount (the "Vessel Ratio"). In respective of bank borrowings of US$24,571,000, management has taken the necessary remedial actions and successfully negotiated with the relevant bank in July 2016 to revise the restrictive undertaking requirements and to waive the compliance with the Vessel Ratio up to 30 November 2016. In respect of the remaining bank borrowing of approximately US$11,448,000, the Group has not obtained a waiver from the bank from complying with the Vessel Ratio requirement up to the date of the approval of these condensed consolidated interim financial information. Pursuant to the relevant loan agreement, this bank borrowing 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. In accordance with the requirements of HKAS 1 "Presentation of Financial Statements", bank borrowing with original maturity after 30 September 2017 of approximately US$10,315,000 has been reclassified as current liabilities. As at 30 September 2016, property, plant and equipment of US$11,864,000 (31 March 2016: US$13,033,000) and deposits of US$1,276,000 (31 March 2016: US$1,790,000) were pledged for the bank borrowing of US$11,448,000.

As at 30 September 2016, the Group's property, plant and equipment of US$50,600,000 (31 March 2016: US$68,468,000) and deposits of US$3,052,000 (31 March 2016: US$3,313,000) were pledged respectively as security for bank borrowings of the Group.

Movements in borrowings are analysed as follows:

	Six months ended 30 September	
	2016 US$'000	2015 US$'000
Opening amount at 1 April	**41,170**	57,204
Addition — loan from ultimate holding company	**—**	1,000
Interest expense	**733**	961
Repayments of bank borrowings	**(5,884)**	(10,598)
Repayments of loan from ultimate holding company	**—**	(4,047)
Closing amount at 30 September	**36,019**	44,520

Notes to the Condensed Consolidated Interim Financial Information

18 Deferred income tax

	Six months ended 30 September	
	2016	2015
	US$'000	US$'000
		(Restated)
Deferred income tax liabilities		
Opening balance at 1 April, as restated	**15,131**	16,210
Charged to profit or loss	**127**	(154)
Exchange difference	**(491)**	(558)
Closing balance at 30 September	**14,767**	15,498

19 Convertible bonds

	As at	
	30 September 2016	31 March 2016
	US$'000	US$'000
Convertible bonds	**38,936**	3,810

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

	Liability component	**Derivative component**	**Total**
	US$'000	US$'000	US$'000
As at 1 April 2016	**3,058**	**752**	**3,810**
Issue of convertible bonds (Note)	**33,618**	**—**	**33,618**
Interest expenses (Note 9)	**1,183**	**—**	**1,183**
Fair value loss (Note 7)	**—**	**325**	**325**
At 30 September 2016	**37,859**	**1,077**	**38,936**
As at 1 April 2015	2,857	747	3,604
Interest expenses (Note 9)	98	—	98
Fair value loss (Note 7)	—	112	112
At 30 September 2015	2,955	859	3,814

The fair values of the convertible bonds were valued by Hong Kong Appraisal Advisory Limited, an independent valuer, under Binomial Option Pricing Model. The discount rate used to compute the fair value of derivative component is the risk-free rate.

19 Convertible bonds (continued)

Note:

On 10 May 2016, the Group issued a convertible bond with principal amount of US$54,000,000 and will be due on 9 May 2021. The convertible bond is interest free and may be converted in full or in part (multiples of US$100,000) at the initial conversion price of HK$1.096 per conversion share (subject to anti-dilutive adjustment) any time within five years from the date of issue to 7 business days prior to maturity date. 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 an equity component and was measured at cost.

The movements of the liability component and equity component of the convertible bond issued on 10 May 2016 for the period are set out below:

	Liability component	**Equity component**	**Total**
	US$'000	US$'000	US$'000
Issue of convertible bonds	33,618	38,954	72,572
Interest expenses	1,079	—	1,079
At 30 September 2016	34,697	38,954	73,651

20 Derivative financial instruments

The Group entered into interest rate swap contracts with banks to manage exposure to 3-month floating rate LIBOR.

The total notional principal amount of the outstanding interest rate swap as at 30 September 2016 was US$11,450,000 (31 March 2016: US$12,000,000). The contracts will become mature on 12 February 2018.

21 Other payables and accruals

	As at 30 September 2016 US$'000	As at 31 March 2016 US$'000 (Restated)
Other payables and accruals	**1,120**	1,063
Receipt in advance from charterers	**92**	118
	1,212	1,181

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

22 Commitments

(a) Capital commitments

At 30 September 2016, capital expenditure contracted for but not yet incurred is as follows:

	As at 30 September 2016 US$'000	As at 31 March 2016 US$'000 (Restated)
Investment properties	**2,535**	2,620

(b) Operating lease commitments — Group as lessee

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

	As at 30 September 2016 US$'000	As at 31 March 2016 US$'000 (Restated)
— No later than one year	**367**	366
— Within 2 to 5 years	**191**	342
	558	708

22 Commitments (continued)

(c) Operating lease commitments — Group as lessor

At 30 September 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:

	As at	
	30 September 2016 US$'000	31 March 2016 US$'000 (Restated)
Vessels		
No later than one year	**515**	1,145

23 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

Except for the acquisition of Top Build as disclosed in Note 24, the Group had the following significant transactions with its related companies for the six months ended 30 September 2016 and 2015.

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:

	Six months ended 30 September	
	2016 US$'000	2015 US$'000
Interests on convertible bond issued to Ablaze Rich	**104**	98
Interests on convertible bond issued to directors and a related party	**1,079**	—
Rental expenses paid to a related company	**167**	167

23 Related party transactions (continued)

(b) Balance with related parties

As at period ended 30 September 2016 and 31 March 2016, the Group had the following significant balances with its related parties.

	As at	
	30 September 2016 US$'000	31 March 2016 US$'000 (Restated)
Convertible bond issued to Ablaze Rich	**4,239**	3,810
Convertible bond issued to directors and a related party	**34,697**	—
Amount due from related companies which are ultimately controlled by directors (Note i)	**8**	8
Amount due to a related company which is ultimately controlled by directors (Note i)	**(17)**	(15)
Amount due to related companies which are ultimately controlled by Mr. Yin Hai (Note ii)	**(3,468)**	(3,584)

Note:

(i) The companies are ultimately controlled by Mr. Yan Kim Po and Ms. Lam Kwan.

(ii) The companies are ultimately controlled by Mr. Yin Hai who is the brother of Mr. Yan Kim Po, director of the Company.

(c) Key management compensation

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

	Six months ended 30 September	
	2016 US$'000	2015 US$'000
Salary and short-term employee benefits	**417**	417
Pension costs — retirement contribution plans	**6**	6
Share options granted to directors and employees	**—**	460
	423	883

24 Business combinations under common control

On 10 May 2016, the Group completed the acquisition for the entire issued share capital of Top Build, from Mr. Yan Kim Po, Ms. Lam Kwan and Mr. Yin Hai (collectively referred as "Vendors"), by issuing zero-coupon convertible bonds in the principal amount of US$54,000,000 ("2016 Convertible Bonds") to the vendors, pursuant to the sale and purchase agreement dated 23 December 2015 ("SPA"). Top Build Group engaged in property investment and development by holding the investment properties in Hainan province, the PRC.

The 2016 Convertible Bonds are convertible into Shares to be issued by the Company to Mr. Yan Kim Po in the principal amount of US$22,032,000, Ms. Lam Kwan in the principal amount of US$21,168,000 and Mr. Yin Hai in the principal amount of US$10,800,000 respectively. On completion date, the 2016 Convertible Bonds is recognised at its fair value of US$72,572,000.

The Group and Top Build Group, the acquirees, are both under the common control of Mr. Yan Kim Po and Ms. Lam Kwan. As a result of the acquisition, the transaction is accounted for as common control business combinations, using merger accounting under AG 5 for all periods presented herein.

The principal subsidiaries of Top Build on 10 May 2016 are as follows:

— Great Harvest Landmark Investment Company Limited

— Great Harvest Reality Investment Company Limited

— 海南華儲實業有限公司

	The Group (Note (i)) US$'000	Top Build Group US$'000	Total US$'000
Six months ended 30 September 2016			
Revenues	**3,816**	**—**	**3,816**
(Loss)/profit before income tax	**(20,386)**	**486**	**(19,900)**
Income tax expense	**(41)**	**(127)**	**(168)**
(Loss)/profit for the period	**(20,427)**	**359**	**(20,068)**

Notes to the Condensed Consolidated Interim Financial Information

24 Business combinations under common control (continued)

	The Group (Note (i)) US$'000	Top Build Group US$'000	Note	Adjustments US$'000	Total US$'000
As at 30 September 2016					
ASSETS					
Non-current assets	124,922	61,559	(iii)	(72,572)	113,909
Current assets	4,432	59	(ii)	(1)	4,490
Total assets	129,354	61,618		(72,573)	118,399
EQUITY					
Capital and reserves					
Share capital	1,176	20	(iii)	(20)	1,176
Share premium	45,857	8,213		(8,213)	45,857
Convertible bonds	38,954	—	(iii)	—	38,954
Share option reserve	1,654	—		—	1,654
Merger reserve	46	—	(iii)	(63,854)	(63,808)
Other reserve	13,636	—		—	13,636
Exchange reserve	—	(3,105)		—	(3,105)
Retained profit	(48,227)	34,293	(iii)	(485)	(14,419)
	53,096	39,421		(72,572)	19,945
Non-controlling interest	—	3,899		—	3,899
Total equity	53,096	43,320		(72,572)	23,844
Liabilities					
Non-current liabilities	59,004	14,767		—	73,771
Current liabilities	17,254	3,531	(ii)	(1)	20,784
Total liabilities	76,258	18,298		(1)	94,555
Total equity and liabilities	129,354	61,618		(72,573)	118,399
Net assets	53,096	43,320	(iii)	(72,572)	23,844

Notes to the Condensed Consolidated Interim Financial Information

24 Business combinations under common control (continued)

	As previously reported US$'000	Top Build Group US$'000	Note	Adjustments US$'000	Total US$'000
Six months ended 30 September 2015					
Revenues	4,540	—		—	4,540
Loss before income tax	(10,769)	(650)		—	(11,419)
Income tax credit	—	154		—	154
Loss for the period	(10,769)	(496)		—	(11,265)
As at 31 March 2016					
ASSETS					
Non-current assets	70,218	63,101		—	133,319
Current assets	10,534	79		—	10,613
Total assets	80,752	63,180		—	143,932
EQUITY					
Capital and reserves					
Share capital	1,174	20	(iii)	(20)	1,174
Share premium	45,665	8,213	(iii)	(8,213)	45,665
Share option reserve	1,706	—		—	1,706
Merger reserve	46	—	(iii)	8,718	8,764
Other reserve	13,636	—		—	13,636
Exchange reserve	—	(1,795)		—	(1,795)
Retained profit	(27,800)	33,967	(iii)	(485)	5,682
	34,427	40,405		—	74,832
Non-controlling interest	—	3,996		—	3,996
Total equity	34,427	44,401		—	78,828
Liabilities					
Non-current liabilities	4,023	15,131		—	19,154
Current liabilities	42,302	3,648		—	45,950
Total liabilities	46,325	18,779		—	65,104
Total equity and liabilities	80,752	63,180		—	143,932
Net assets	34,427	44,401		—	78,828

24 Business combinations under common control (continued)

Notes:

(i) The Group included issue of 2016 Convertible Bonds of US$72,572,000 as investment cost in Top Build and the original chartering business before consolidation of Top Build Group.

(ii) Adjustments to eliminate the inter-group balances as at 30 September 2016 and 31 March 2016.

(iii) Adjustments to eliminate the investment cost, share capital of the Top Build against reserves.

No other significant adjustment were made to the net assets and net profit of any entities or business as a result of the common control combination to achieve consistency of accounting policies.