



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





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GLOSSARY

"Ablaze Rich"	Ablaze Rich Investments Limited (耀豐投資有限公司), a company incorporated in the BVI on 1 July 2008 and the holding company of the Company
"Acquisition"	the acquisition of the entire issued share capital of Top Build by the Company from Mr. Yan, Ms. Lam and Mr. Yin Hai pursuant to the Sale and Purchase Agreement
"Articles"	the articles of association of the Company
"Audit Committee"	the audit committee of the Board
"Baltic Dry Index"	an index of the daily average of international shipping prices of various dry bulk cargoes made up of 20 key dry bulk routes published by the Baltic Exchange in London
"Baltic Panamax Index"	an index of the shipping prices of panamax vessels made up of four daily panamax vessel assessments of time charter rates published by the Baltic Exchange in London
"Board"	the board of Directors
"Bryance Group"	Bryance Group Limited, a company incorporated in the BVI on 28 September 2006 and a wholly-owned subsidiary of the Company
"BVI"	the British Virgin Islands
"CG Code"	Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules
"Company"	Great Harvest Maeta Group Holdings Limited (榮豐聯合控股有限公司), an exempted company incorporated in the Cayman Islands on 21 April 2010 under the Companies Laws, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with limited liability
"Daily TCE"	an acronym for daily time charter equivalent, a standard industry measurement of the average daily revenue performance of a vessel. Daily TCE is calculated by dividing the voyage revenues (net of expenses such as port, canal and bunker costs) by the available days (being the number of days that the vessel was operated by the Group during the charter period minus days without charter hire due to repair and maintenance and between two charter periods and days agreed with the charterers due to the speed claims or any other reasonable claims arising from the under-performance of the vessel) for the relevant time period
"Director(s)"	director(s) of the Company
"dwt"	an acronym for deadweight tonnage, a measure expressed in metric tons or long tons of a ship's carrying capacity, including cargoes, bunker, fresh water, crew and provisions
"First Completion"	the completion of the issue and subscription of the First Convertible Bonds in accordance with the terms and conditions of the Subscription Agreement
"First Convertible Bonds"	the first tranche of convertible bonds in the principal amount of US\$3,000,000 due 2018 issued by the Company for subscription by Ablaze Rich pursuant to the terms and conditions of the Subscription Agreement

GLOSSARY

"GH FORTUNE/GH PROSPERITY Loan"	a term loan for the aggregate principal amount of US\$16 million in two tranches for the purpose of financing or refinancing the acquisition costs of GH FORTUNE and GH PROSPERITY. US\$10.4 million of the principal amount of such term loan shall be repaid by 20 quarterly instalments, and US\$5.6 million thereof shall be repaid by 12 quarterly instalments, commencing three months from 5 December 2013
"GH GLORY Loan"	a term loan for the principal amount of US\$26 million for financing the acquisition costs of GH GLORY. 70% of the principal amount of the bank loan shall be repayable by 28 consecutive quarterly instalments of US\$650,000 commencing three months from the drawdown date, and the remaining 30% of the principal amount of the loan to be repaid together with the last quarterly instalment
"GH HARMONY Loan"	a term loan for the principal amount of US\$16 million for financing the acquisition costs of GH HARMONY. The principal amount of the bank loan shall be repayable by 28 consecutive quarterly instalments commencing three months from 14 July 2014
"GH POWER Loan"	a term loan for the principal amount of US\$39 million for financing the acquisition costs of GH POWER. The principal amount shall be repaid by 40 quarterly instalments commencing three months from 11 February 2008
"Great Ocean"	Great Ocean Shipping Limited (浩洋船務有限公司), a company incorporated in the BVI on 29 September 2006 and a wholly-owned subsidiary of the Company
"Greater Shipping"	Greater Shipping Co., Ltd. (榮達船務有限公司), a company incorporated in the BVI on 31 May 2002 and a wholly-owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"HK\$" and "HK cents"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Joy Ocean"	Joy Ocean Shipping Limited (悦洋船務有限公司), a company incorporated in the BVI on 21 October 2004 and a wholly-owned subsidiary of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market operated by the Stock Exchange, which excludes the Growth Enterprise Market of the Stock Exchange and the options market
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Mr. Yan"	Mr. YAN Kim Po (殷劍波先生), the chairman of the Board, an executive Director and the husband of Ms. Lam
"Ms. Lam"	Ms. LAM Kwan (林群女士), the chief executive officer of the Company, an executive Director and the wife of Mr. Yan
"Nomination Committee"	the nomination committee of the Board
"PRC" or "China"	the People's Republic of China which, for the purposes of this annual report only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

GLOSSARY

"Prosperity Plus"	Prosperity Plus Enterprises Limited, a company incorporated in the BVI on 21 March 2011 and a wholly-owned subsidiary of the Company
"Remuneration Committee"	the remuneration committee of the Board
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the agreement dated 23 December 2015 entered into between the Company, Mr. Yan, Ms. Lam and Mr. Yin Hai in relation to, among other matters, the Acquisition
"Second Convertible Bonds"	the second tranche of convertible bonds in the principal amount of US\$5,000,000 to be issued by the Company for subscription by Ablaze Rich pursuant to the terms and conditions of the Subscription Agreement. As disclosed in the Company's announcement dated 2 September 2014, the issue of the Second Convertible Bonds did not proceed to completion and had lapsed accordingly
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Sfund"	Sfund International Investment Fund Management Limited (廣州基金國際股權投資基金管理有限公司), a company incorporated in Hong Kong on 11 August 2015, which was the holder of Top Build Convertible Bonds in the principal amount of US\$37,000,000 as at 31 March 2017
"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 First 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
"Union Apex"	Union Apex Mega Shipping Limited (聯合佳成船務有限公司), a company incorporated in Hong Kong on 2 December 2009 and a wholly-owned subsidiary of the Company
"United Edge"	United Edge Holdings Limited, a company incorporated in the BVI on 18 April 2013 and a wholly-owned subsidiary of the Company
"US\$" and "US cents"	United States dollars and cents, respectively, the lawful currency of the United States
"Way Ocean"	Way Ocean Shipping Limited, a company incorporated in the BVI on 8 October 2010 and a wholly-owned subsidiary of the Company

CORPORATE INFORMATION

Board of Directors

Executive Directors

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

Independent non-executive Directors

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Company secretary

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

Authorised representatives

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

Registered office

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

Headquarters and principal place of business in Hong Kong

12th Floor
200 Gloucester Road
Wanchai
Hong Kong

Principal share registrar and transfer office in the Cayman Islands

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

Hong Kong share registrar and transfer office

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Independent auditor

PricewaterhouseCoopers

Legal adviser as to Hong Kong law

Chiu & Partners

Principal bankers

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

Stock code

3683

Website address

www.greatharvestmg.com

A Chinese version of this Report can be downloaded from the Company's website and can be obtained from the Hong Kong share registrar, Tricor Investor Services Limited. In the event of any difference, the English version prevails.

FIVE YEAR FINANCIAL SUMMARY

	2017 US\$'000	2016 US\$'000 (Restated)	2015 US\$'000 (Note)	2014 US\$'000 (Note)	2013 US\$'000 (Note)
Results					
Loss for the year and attributable to owners of the Company	21,882	41,070	37,406	6,612	13,415
Assets and liabilities					
Total assets	117,274	143,932	116,505	142,204	141,936
Total liabilities	(96,472)	(65,104)	(63,156)	(51,513)	(44,846)
Net assets	20,802	78,828	53,349	90,691	97,090

Note:

The comparative amounts for the years ended 31 March 2015, 2014 and 2013 in the financial summary have not been restated using merger accounting for common control business combinations.

CHAIRMAN'S STATEMENT

Dear shareholders,

In the year of 2016, the global economy continued to recover at a slow pace. It was very difficult for the operation in the dry bulk marine transportation market throughout the year. The freight rate in the spot market reached a record low level of the Baltic Dry Index at the beginning of the year and could not rebound until the fourth quarter when there were increase in the transportation volume of iron ore in China and seasonal demand for transportation of bulk grains. Although the growth of international trade volume and demand for marine transportation was maintained, the extent of growth was lower than expected. The import volume of major dry bulk cargoes (such as iron ore) in the Chinese market kept growing, therefore the growth of demand for marine transportation of dry bulk cargoes was maintained. Despite the decreasing number of newly-built vessels delivered, the bulk fleet capacity remained in a net increase position and such increase was larger than the rise in marine transportation demand, leaving the supply glut of the dry bulk fleet intact. For vessel owners, the spot freight market is still unstable and subject to increasing fluctuations, and the operating environment is challenging.

During the past year, the Group's fleet remained unchanged. The average age of our existing fleet was 11 years and the fleet size was 319,923 dwt. Under the volatile market, the Group still maintained proactive and prudent operating strategies, with a fleet occupancy rate of approximately 96.69% and a total of 1,412 days of occupancy throughout the year, carrying an aggregate of 1,723,790 tons of cargoes, achieving an average daily charter rate per vessel of approximately US\$5,554, with a recovery rate of close to 100% for receipt of charter hire.

Looking forward to the coming year, difficulties and challenges remain in the dry bulk marine transportation market in 2017. However, the market expectation is better for the spot dry bulk freight rate and believes that the freight income level will be higher than that of last year though the freight market still hovers at low levels. The imbalance of supply and demand of vessels in the dry bulk freight market is still considered to continue to have influence on the freight market of this year. With reference to the forecast of the International Monetary Fund (IMF), the overall economy and international trade volume are predicted to grow at an annual rate of 3.5% and 3.8%, respectively, which are both better than those of last year. Therefore, we expect that the demand for marine transportation of dry bulk cargoes will grow accordingly, and the delivery of newly-built vessels of dry bulk fleet will still be kept at a lower level, which will, to a certain extent, be a positive factor contributing to adjustment of the current oversupply of vessels in the dry bulk marine transportation market. Nevertheless, the freight market will likely be in a depressed state and subject to substantial fluctuation until the recovery of balance between supply and demand of shipping capacity.

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

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

Lastly, on behalf of the Board, I would like to express my gratitude to all the shareholders for their support to the Group, and to all the staff for their dedication and commitment to the Group. On behalf of the Group, I would also like to express my sincere thanks to our customers, business partners, suppliers and bankers for their confidence and trust in the Group.

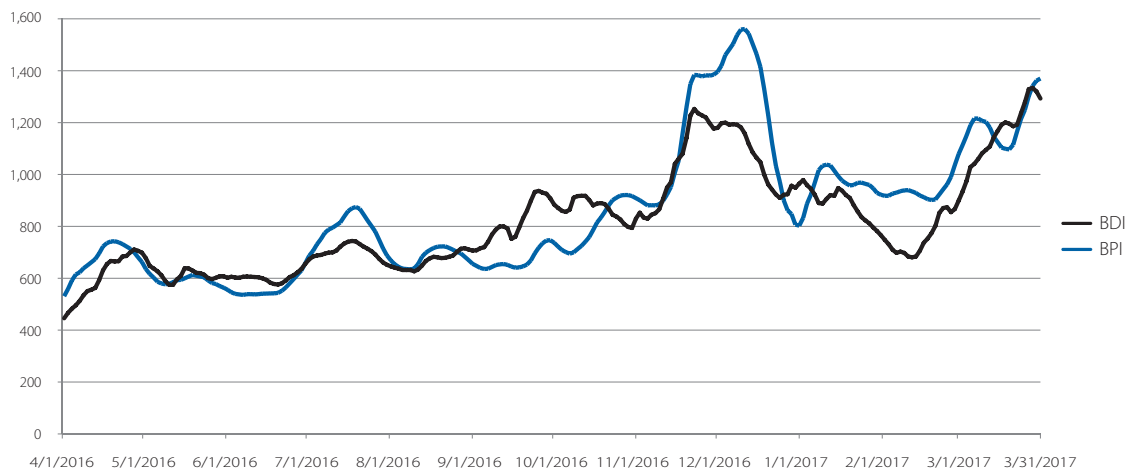
YAN Kim Po
Chairman

23 June 2017

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

**Daily Variation Chart of Baltic Dry Index (BDI) and Baltic Panamax Index (BPI)
1 April 2016–31 March 2017**



BDI year-high at 1,338 in March 2017, year-low at 450 in April 2016, year-average at 860.25

BPI year-high at 1,565 in December 2016, year-low at 535 in April 2016, year-average at 858.43

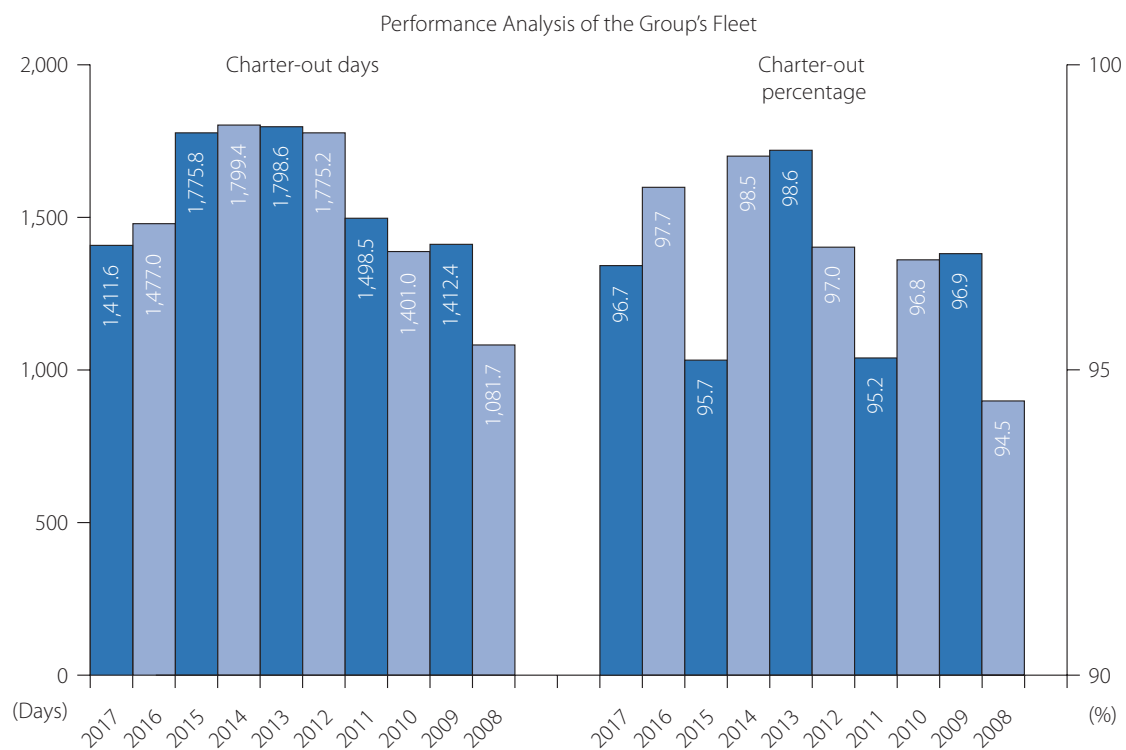
Following the depressed market condition of the previous year, the freight rate of the dry bulk marine transportation industry has long been fluctuated and hovered at low levels in 2016. The freight market of panamax vessels did not further increase until the fourth quarter of 2016 and after the Spring Festival of 2017 when there was increase in seasonal demand for marine transportation of bulk grains. The average Baltic Dry Index for panamax vessels was 858 points during the period from 1 April 2016 to 31 March 2017, rising by 216 points as compared to 642 points of the corresponding period of 2016. The corresponding average daily charter rate was US\$6,867, which represented an increase of US\$1,737 as compared to US\$5,130 of average daily charter rate for the same period in 2016. However, the issues which made the operation difficult in the industry, including oversupply of dry bulk vessels and the minor growth in the demand for dry bulk marine transportation, remain. While there was an approximately 2% growth in the carrying capacities of dry bulk fleet in 2016, the increase in demand for marine transportation was only approximately 1%, which resulted in the unresolved contradiction of demand-supply imbalance of vessels. 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 to be under pressure. Since it is expected only 2% growth in the demand for marine transportation of dry bulk cargoes this year, the oversupply of vessels will still be the main factor for the trend of the freight rate, which could only be alleviated and changed over a longer period of time and a relatively longer cycle for adjustment is necessary.

Given the slow global economic growth and the decreasing forecast growth rates of the economy and the total international trade volume by the International Monetary Fund (IMF), there was only 1% growth in the demand for marine transportation of dry bulk cargoes in 2016. The favourable factor in the spot freight market was that there was a larger substantial growth in China's import volume of dry bulk cargo, of which the import volume of iron ore and coal exceeded 1 billion tons and 0.2 billion tons, representing an annual growth of approximately 7% and 23%, respectively. Besides, the import volumes of iron ore/coal/soybean remained on upward trends, which made significant contribution to the stability of dry bulk marine transportation market. It is expected that the import volume growth of the dry bulk cargoes in China will still be able to maintain, which would be a drive to the stability and rebound of the spot freight rate. With

MANAGEMENT DISCUSSION AND ANALYSIS

the rebound of the freight market, the price for various types of second-hand dry bulk vessels saw a larger rebound, of which the price of the 5-year second-hand panama vessels increased by approximately 50% as compared to that of last year, with even larger increase in old vessels. We hope that the increase in vessel price will give an impetus to the further rebound of the freight market, and will eventually improve the supply and demand dynamics of the spot freight market and lead the market to recover as soon as possible.

Business Review



The Group's vessels were under sound operation in the year ended 31 March 2017. Currently, the fleet size is 319,923 dwt, and the average age of the fleet is 11 years. The fleet maintained a high operational level with an occupancy rate of 96.69% this year. The average daily charter rate of the Group's vessels was approximately US\$5,554, representing an increase of approximately 12% as compared to the corresponding period last year, which was lower than the daily rate level of US\$6,867 of similar vessel market index. The reasons for the lower income were that: (1) the daily charter rate of the fleet's 90,000 ton post-panamax vessels was lower than that of standard vessels, which dragged down the overall income of the fleet; (2) the age of two vessels of the fleet exceeded 15 years. The income of such vessels generated from operating in the spot market was lower than the income level of 5-year vessels when calculating the income of the standard vessels; (3) two vessels underwent dock repair and special examination this year. 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. All freight and rental were basically received with no receivable of significant amount. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

Outlook

Market outlook

There is a further increase in the spot freight rate for dry bulk cargo market after the Spring Festival in 2017. The increase in freight rate is driven by the continuous growth of seasonal demand for marine transportation of bulk grains from the South America, as well as the import volume of iron ore and coal in the China. It is expected that both the spot freight rate and average daily income of vessels in this year will be higher than those of last year. The actual transaction price of spot freight rate is currently at a relatively high level. We hope that such rebound will last for a longer period. However, there will be no substantial change in the current supply glut of vessels as the dry bulk fleet will continue to expand while the growth in dry bulk marine transportation is merely predicted to be 3% in this year. Therefore the current supply glut of dry bulk vessels will remain and the spot freight market will continue to be under pressure from such excess supply of vessels. The International Monetary Fund (IMF) forecasts the global economic growth and the international trade volume in 2017 to be 3.5% and 3.8%, respectively, which are both higher than those of the forecast in last year. We hope that the recovery of economic and trade environment can push forward the growth of demand for marine transportation. Given the slow global economic growth, the oversupply of dry bulk vessels will continue to affect the freight market and limit the increase in spot freight rate. Notwithstanding that the seasonal demand for transportation could strengthen the short-term demand growth at particular times and locations, its impacts on the overall market is limited. As China's import volume of iron ore remains at a high level and the import volume of coal has increased, the spot freight rate for large vessels (capesize vessels) has been pushed up. It is expected that there will be a further increase in the spot freight rate in this year. With the increase in the spot freight rate, the transaction of the vessel rental market commences to be active and the transaction volume has also increased. Both cargo owners and charterers control their risks by limiting transportation capacity and it is expected to have positive effect on the spot freight market.

MANAGEMENT DISCUSSION AND ANALYSIS

According to statistics from shipping broker companies, marine transportation demand from major dry bulk cargoes such as iron ore and coal would increase as compared to last year, of which the growth for import volume of iron ore and coal would be 7% and 5%, respectively, which is expected to support the stability and growth of the spot freight rate this year. 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.

The dry bulk fleet is expected to grow at a faster pace this year than that of last year due to the fleet expansion as a result of similar number of the orders of newly-built vessels and reduction in dismantling old vessels with the rebound in prices for second-hand dry bulk vessels. Recently, the price for bunker fuel has rebounded which is attributable to stability of crude oil price and is expected to remain volatile with the change in crude oil price.

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

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 zone in Hainan Province. The Acquisition not only diversifies the Group's business and increase the Group's income streams, but also brings a long term and stable income to improve the Group's financial performance.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

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 2.1 to the Consolidated Financial Statements in this annual report. The comparative amounts in the Consolidated Financial Statements 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 approximately US\$9.1 million for the year ended 31 March 2016 to approximately US\$8.1 million for the year ended 31 March 2017, representing a decrease of approximately US\$1.0 million, or approximately 11.4%. It comprised chartering income of US\$7.9 million (2016: US\$8.7 million) and interest income from money lending business of approximately US\$0.2 million (2016: US\$0.5 million). Such decrease in revenue of the Group was mainly attributable to the decrease in voyage charter income and dry docking maintenance of two vessels during the year. The average Daily TCE of the Group's fleet increased from approximately US\$4,967 for the year ended 31 March 2016 to approximately US\$5,554 for the year ended 31 March 2017, which represented an increase of approximately 11.8% as compared to last year.

Cost of services

Cost of services of the Group decreased from approximately US\$15.0 million for the year ended 31 March 2016 to approximately US\$8.9 million for the year ended 31 March 2017, representing a decrease of approximately US\$6.1 million or approximately 40.9%. The decrease of cost of services was mainly due to decrease in depreciation after impairment losses of vessels recognized in the year ended 31 March 2016 and during the year; and reduce in bunker cost during the year. For the details of vessels impairment, please refer to note 4 and note 13 to the consolidated financial statements of this annual report.

Gross loss

The Group recorded gross loss of approximately US\$0.8 million for the year ended 31 March 2017 as compared with gross loss of approximately US\$5.9 million for the year ended 31 March 2016, representing a difference of approximately US\$5.1 million, while the gross loss margin improved from approximately 64.2% for the year ended 31 March 2016 to approximately 9.5% for the year ended 31 March 2017. The improvement in gross loss margin of the Group was mainly attributable to the slight improvement in average Daily TCE of the Group's fleet, the decrease in depreciation after impairment of vessels recognised and reduce in bunker cost.

General and administrative expenses

General and administrative expenses of the Group decreased by approximately US\$0.9 million or approximately 27.0%, which was mainly due to the share options granted on 30 April 2015 being fully accounted for as expenses and decrease in other administrative expenses of approximately US\$0.1 million during the year ended 31 March 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

Finance costs of the Group increased from approximately US\$2.1 million for the year ended 31 March 2016 to approximately US\$4.6 million for the year ended 31 March 2017, representing an increase of approximately US\$2.5 million or approximately 117.1%. Such increase was mainly attributable to the finance costs incurred for the issuance of the US\$54.0 million Top Build Convertible Bonds.

Loss and total comprehensive loss for the year

The Group incurred a loss of approximately US\$21.7 million for the year ended 31 March 2017 as compared with approximately US\$41.1 million for the year ended 31 March 2016. Such change was mainly due to (i) the decrease in the gross loss of the Group of approximately US\$5.1 million; (ii) the impairment losses of approximately US\$16.0 million of the Group's vessels (2016: US\$29.6 million), (iii) the change in valuation of investment property from other loss of US\$1.1 million for the year ended 31 March 2016 to other gain of US\$2.2 million, (iv) the decrease in share based payments, and (v) the increase in finance costs.

Liquidity, financial resources, capital structure and gearing ratio

As at 31 March 2017, the Group's cash and cash equivalent amounted to approximately US\$0.3 million (2016: approximately US\$0.9 million), of which approximately 43.0% was denominated in US\$ and approximately 55.4% in HK\$. Outstanding bank loans amounted to approximately US\$33.7 million (2016: approximately US\$41.2 million) and other borrowings amounted to approximately US\$43.3 million (2016: approximately US\$3.8 million), which were denominated in US\$.

As at 31 March 2016 and 31 March 2017, the Group had a gearing ratio (being the bank loans and other borrowings of the Group divided by the total assets of the Group) of approximately 31.3% and 65.7% respectively. The increase in gearing ratio as at 31 March 2017 was mainly due to the issue of the Top Build Convertible Bonds on 10 May 2016.

The Group recorded net current liabilities of approximately US\$22.8 million as at 31 March 2017 and approximately US\$35.3 million as at 31 March 2016. Such increase was mainly due to the non-current bank borrowings of approximately US\$34.4 million being reclassified as current liabilities as at 31 March 2016 for the Group's vessels did not meet certain Vessel Ratio requirements of certain bank borrowings, entitling the banks to request for remedial actions by the Group, while as at 31 March 2017, such kind of reclassification was not needed. Also, bank borrowings totalling US\$19.0 million repayable within twelve months from 31 March 2017 were presented as current liabilities at 31 March 2017.

The Group monitors the current and expected liquidity requirements regularly to mitigate the effects of fluctuations in cash flows. The Company has entered into three loan facility agreements with Ablaze Rich on 17 February 2015, 28 April 2015 and 19 January 2017 for loan facilities in the total amount of US\$3,000,000 (the "First Facility"), US\$2,000,000 (the "Second Facility") and US\$3,000,000 (the "Third Facility") respectively. The full loan amount had been drawn down by the Company under the First Facility, the Second Facility and Third Facility. The First Facility was repayable on or before 16 February 2017, the Second Facility was repayable on or before 27 April 2017 and the Third Facility will be repayable on or before 18 January 2019 respectively. These loan facilities were unsecured and carried an interest of 4% per annum. As at 31 March 2017, the drawn amount under the First Facility and the drawn amount US\$1,000,000 under the Second Facility had been fully repaid by the Company with the net proceeds from the placing of new Shares in June 2015. The remaining drawn amount US\$1,000,000 under the Second Facility had been fully repaid by the Company on 27 April 2017. The drawn amount under Third Facility had not been repaid yet. The disinterested members of the Board (including

MANAGEMENT DISCUSSION AND ANALYSIS

the independent non-executive Directors) consider that as the First Facility, the Second Facility and the Third Facility are all on 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 (the "Deed") with Ablaze Rich, Mr. Yan and Ms. Lam pursuant to which Ablaze Rich, Mr. Yan and Ms. Lam have undertaken to provide funding to the Group when funding notice shall be issued by the Company within twelve months of the date of the deed. The funding when provided 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 remained unchanged.

On 31 March 2017, 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 fifteenth months of the date of the deed. The undertakings shall cease to have effect after fifteenth 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 remained unchanged. The above deeds entered on 30 September 2016 and 29 June 2016 were superseded by this renewed Deed, and had ceased to be effective from 31 March 2017.

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

The Group's liquidity requirements will be satisfied by a combination of cash flow generated from working capital arising from operating activities and bank loans and other financing means which the Company may from time to time consider appropriate.

Convertible Bonds

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

The completion of the 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.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 March 2017, 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 for the aggregate principal amount of US\$54,000,000 were issued.

As at 31 March 2017, the entire principal amount of the Top Build Convertible Bonds remained outstanding.

Exposure to fluctuations in exchange rate and related hedges

The Group's transactions and monetary assets were primarily denominated in US\$. Operating expenses of the Group's Hong Kong subsidiary were primarily denominated in HK\$ and the bank loans of the Group were denominated in US\$ and those 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.

The Group had entered into an interest rate swap to hedge for the future fluctuations of London Interbank offered rate or cost of fund arising from the Group's variable-rate borrowings. The total notional principal amount of the outstanding interest rate swap as at 31 March 2017 was US\$10.9 million (2016: US\$12 million).

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

Pursuant to Rule 13.18 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), a general disclosure obligation will arise where an issuer or any of its subsidiaries enters into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholders, such as a requirement to maintain a specified minimum holding in the share capital of the issuer. As at 31 March 2017, the Group recorded outstanding bank loans of approximately US\$33.7 million and all the bank loans carried interest at floating rate. The bank loans, namely the GH FORTUNE/GH PROSPERITY Loan, the GH POWER Loan, the GH GLORY Loan and the GH HARMONY Loan, were for financing the acquisition costs of vessels of the Group and were secured by, inter alia, the following:

- corporate guarantee from the Company;
- first preferred mortgages over the vessels held by the Group;
- assignment of the charter-hire income and insurance in respect of the vessels held by the Group;
- charges over shares of each of the Group companies holding those vessels.

The above bank loans were provided to the Group on the conditions that, inter alia, Mr. Yan, Ms. Lam and/or any company controlled by them shall jointly hold at least 51% shareholding interests in the Company.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

Charges on assets

As at 31 March 2017, the Group had pledged the following assets to banks as securities against banking facilities granted to the Group:

	2017	2016
	US\$'000	US\$'000
Property, plant and equipment	50,313	68,468
Pledged bank deposits	3,031	3,313
	53,344	71,781

Contingent liabilities

The Group had no material contingent liabilities as at 31 March 2017.

Employees' remuneration and retirement scheme arrangements

As at 31 March 2017, the Group had 95 employees (2016: 93 employees). For the year ended 31 March 2017, the total salaries and related costs (including Directors' fees and share-based payments) amounted to approximately US\$4.3 million (2016: US\$5.4 million). It is the Group's policy to remunerate its employees according to the relevant market situation, and accordingly the remuneration level of the Group's employees remains at a competitive level and is adjusted in accordance with the employees' performance. Other benefits offered by the Group include mandatory provident fund scheme and medical insurance.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

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

Board of Directors

Executive Directors

Mr. YAN Kim Po (殷劍波), aged 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 also honoured as World Outstanding Chinese in 2010. He is currently a director of Adex Mining Inc. (TSXV Stock code: ADE), a company listed on the TSX Venture Exchange in Canada. He is also a fellow of the Hong Kong Institute of Directors and the Life Honorary President of the Hong Kong Energy and Minerals United Associations (International) Limited. He is also active in social affairs and was appointed as the Honorary Chairman of Hong Kong Association of Youth Development, the Honorary President of Sha Tin District Junior Police Call, the Honorary President of the Fire Safety Ambassador Club and Shatin Sports Association. Mr. Yan is currently a director of Ablaze Rich, which has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Ms. LAM Kwan (林群), aged 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. She is also a vice-chairman of Pok Oi Hospital, an honorary director of Hong Kong Baptist University Foundation, a director of the Hong Kong Energy and Minerals United Associations (International) Limited and a fellow of the Hong Kong Institute of Directors. She graduated from Dongbei University of Finance and Economics in 1990 with a bachelor's degree in English for Finance in the Department of Foreign Language for Finance. Ms. Lam is currently a director of Ablaze Rich, which has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Mr. CAO Jiancheng (曹建成), aged 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 34 years of experience in the marine transportation industry. Mr. Cao has been a captain of ocean-going cargo ships since around 1982. Before joining the Group, he had worked for 廣州海順船務有限公司 (Guangzhou Hai Shun Shipping Corporation) as a captain from 1985 to 1989. Mr. Cao also worked for Hong Kong Ming Wah Shipping Company Limited as an operator, chartering member, deputy manager, manager and vice-president from 1989 to 2000. He had also held management position as a manager at Valles Steamship Company Limited from 2001 to 2002. Mr. Cao completed the training course for international shipping professional education and obtained a certificate of completion from 上海海運學院 (Shanghai Maritime Institute) in December 1991 through long distance learning, and graduated from Murdoch University with a Master degree of Business Administration in March 1999. Mr. Cao had also been a captain as recognised by the Maritime Affairs Inspection Bureau of the PRC, the Directorate General of Consular and Maritime Affairs of The Republic of Panama and the Bureau

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

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

Independent non-executive Directors

Mr. CHEUNG Kwan Hung (張鈞鴻), aged 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 "Directors' Report — Directors' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Dr. CHAN Chung Bun, Bunny (陳振彬), *GBS, JP*, aged 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. Dr. Chan was appointed as Justice of Peace in 2002 and was awarded the Bronze Bauhinia Star medal in 2004, the Silver Bauhinia Star medal in 2009 and the Gold Bauhinia Star medal in 2014 by the government of Hong Kong. Dr. Chan was conferred Doctor of Business Administration, *honoris causa*, in December 2013 by the Open University of Hong Kong. Dr. Chan is currently also an independent non-executive director of two companies listed on the Main Board of the Stock Exchange, namely Li Ning Company Limited (Stock Code: 2331) and Speedy Global Holdings Limited (Stock Code: 540). Dr. Chan has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Mr. WAI Kwok Hung (韋國洪), aged 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 "Directors' Report — Directors' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Senior management

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

Mr. LAU Ying Kit (劉英傑), aged 43, 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) and Xiezhong International Holdings Limited (Stock Code: 3663), and China Wood Optimization (Holding) Limited (Stock Code: 1885).

CORPORATE GOVERNANCE REPORT

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

The CG Code

The Company has adopted the principles and code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules as the Company's code on corporate governance practices. Throughout the year ended 31 March 2017 and up to the date of this annual report, the Company had been in compliance with the code provisions set out in the CG Code.

The Board

The Board assumes responsibility for leadership and control of the Company, and is responsible and has general powers for management and conduct of the business of the Company. The Directors, individually and collectively, are committed to acting in good faith in the best interests of the Company and its shareholders. To assist in the discharge of their duties, the Directors have free and direct access to both the Company's external auditors and procedures are in place to allow the Directors to obtain independent professional advice at the Company's expense.

Board composition

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

Executive Directors

Mr. YAN Kim Po (殷劍波) (*Chairman*)

Ms. LAM Kwan (林群) (*Chief Executive Officer*)

Mr. CAO Jiancheng (曹建成)

Independent non-executive Directors

Mr. CHEUNG Kwan Hung (張鈞鴻)

Dr. CHAN Chung Bun, Bunny (陳振彬)

Mr. WAI Kwok Hung (韋國洪)

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

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

CORPORATE GOVERNANCE REPORT

Roles and responsibilities of the Board

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

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

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

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

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

Appointment and election of Directors

The Board is empowered under the Articles to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. The Board has delegated to the Nomination Committee the duty to identify and recommend individuals suitably qualified to become Board members when necessary. The Nomination Committee is also responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and to assess the independence of the independent non-executive Directors, having regard to the requirements under the Listing Rules.

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

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

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

CORPORATE GOVERNANCE REPORT

Board Diversity Policy

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

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

- (i) a prescribed proportion of Board members shall be non-executive Directors or independent non-executive Directors;
- (ii) a prescribed proportion of Board members shall have obtained accounting or other professional qualifications; and
- (iii) a prescribed proportion of Board members shall have more than seven years of experience in the industry he is specialised in.

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

Independent non-executive Directors

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

Induction, development and training of Directors

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

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

CORPORATE GOVERNANCE REPORT

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

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

A: Reading materials on legal and regulatory updates

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

Corporate Governance Functions

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

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

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

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

CORPORATE GOVERNANCE REPORT

Board committees

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

- Audit Committee
- Nomination Committee
- Remuneration Committee

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

Audit Committee

The Audit Committee was established to review the Group's financial and other reporting, risk management, internal control systems, external and internal audits and such other matters as the Board determines and as required by the Listing Rules as amended from time to time. The Audit Committee shall assist the Board in fulfilling its responsibilities by providing independent review and supervision of financial reporting, and by satisfying themselves as to the effectiveness of the risk management and internal control systems of the Group. The written terms of reference of the Audit Committee were adopted by the Board on 13 September 2010 and revised on 30 March 2016 and have been posted on the websites of the Stock Exchange and the Company.

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

The Audit Committee held two meetings during the year ended 31 March 2017 to review, with the management and the Company's external auditors, the financial results and reports, financial reporting (including cash flow forecast), the Group's significant internal control and financial matters as set out in the Audit Committee's written terms of reference and make relevant recommendations to the Board. The Company's annual results for the year ended 31 March 2017 have been reviewed by the Audit Committee.

CORPORATE GOVERNANCE REPORT

Nomination Committee

The Nomination Committee was established to recommend to the Board on the appointment of Directors, evaluate the structure, size, composition and diversity (including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board at least annually, agree on measurable objectives for achieving diversity on the Board, assess the independence of the independent non-executive Directors and the management of board succession, having regard to the requirements under the Listing Rules. The written terms of reference of the Nomination Committee were adopted by the Board on 13 September 2010 and revised on 30 August 2013 and have been posted on the websites of the Stock Exchange and the Company.

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

The Nomination Committee consists of an executive Director and two independent non-executive Directors, namely Mr. Yan, Dr. Chan Chung Bun, Bunny and Mr. Wai Kwok Hung. Mr. Yan is the chairman of the Nomination Committee. Meetings of the Nomination Committee shall be held at least once a year and as and when required or as requested by the responsible Director or the Chairman.

The Nomination Committee held two meetings during the year ended 31 March 2017 to review the structure, size and composition of the Board, the independence of the independent non-executive Directors and the measurable objectives of the board diversity policy and to consider the qualifications of the retiring Directors standing for election at the annual general meeting of the Company.

Remuneration Committee

The Remuneration Committee was established to recommend to the Board from time to time on the Company's remuneration policy and structure for all remuneration of the Directors and the senior management of the Company, and to ensure that the Directors and the senior management of the Company are fairly rewarded in light of their contribution to the Company and their performance and that they receive appropriate incentives to maintain high standards of performance and to improve their performance and the Company's performance. The written terms of reference of the Remuneration Committee were adopted by the Board on 13 September 2010 and revised on 29 March 2012 and have been posted on the websites of the Stock Exchange and the Company.

The Remuneration Committee consists of an executive Director and two independent non-executive Directors, namely Mr. Yan, Mr. Cheung Kwan Hung and Dr. Chan Chung Bun, Bunny. Dr. Chan Chung Bun, Bunny is the chairman of the Remuneration Committee. Meetings of the Remuneration Committee shall be held not less than once a year.

The Remuneration Committee held two meetings during the year ended 31 March 2017 to review and make recommendation to the Board on the remuneration policy and structure of the Company, the remuneration packages of the Directors and senior management, the renewal of Directors' service contracts and other related matters.

CORPORATE GOVERNANCE REPORT

Remuneration of Directors

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

Board and Board committee meetings

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

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

The individual attendance record of each Director at the meetings of the Board and the Board committees during the year ended 31 March 2017 is set out below.

Name of Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting
Mr. YAN	9/9	—	2/2	2/2
Ms. LAM	8/9 (note 1)	—	—	—
Mr. CAO Jiancheng	8/9 (note 1)	—	—	—
Mr. CHEUNG Kwan Hung	9/9	2/2	2/2	—
Dr. CHAN Chung Bun, Bunny	9/9	2/2	2/2	2/2
Mr. WAI Kwok Hung	9/9	2/2	—	2/2

Note:

1. During the year ended 31 March 2017, one meeting was held between the Chairman and independent non-executive Directors without the executive Directors present in compliance with the code provision A2.7 of the CG Code.

CORPORATE GOVERNANCE REPORT

Auditor's remuneration

During the year ended 31 March 2017, the remuneration payable/paid to PricewaterhouseCoopers, the external auditor of the Company, is set out as follows:

Services rendered	Year ended 31 March 2017
	US\$'000
Audit services	196

The Model Code

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

The Directors have confirmed that, following specific enquiry by the Company, they have complied with the required standards as set out in the Model Code for the year ended 31 March 2017 and up to the date of this annual report.

Company secretary

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

RISK MANAGEMENT AND INTERNAL CONTROL

The Group recognized that risks are inherent in the business and markets in which we operate. The challenge is to identify and manage these risks so that they can be understood, minimized, avoided or transferred. This demands a proactive approach to risk management and an effective group-wide risk management framework.

The Board acknowledges that it is responsible for the risk management and internal control systems of the Group on an ongoing basis and reviewing their effectiveness at least annually. Risk management is effected by our people at every level within the Group. We integrate the risk management into our business processes including strategy development, business planning, capital allocation, investment decisions, internal control and day-to-day operations.

During the year ended 31 March 2017, the Board, through the Audit Committee, conducted a review of the effectiveness of the risk management and internal control systems of the Group, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions. The Group considers the review of the internal control systems are effective and adequate. Our systems are designed to manage the risk of failure to achieve corporate objectives and aim to provide reasonable assurance against material misstatement, loss or fraud. The Board delegates to the management to design, implement and ongoing assess our internal control systems, while the Board through its Audit Committee oversees and reviews the effectiveness of the risk management and internal control systems of the Group. Qualified professionals within the business maintain and monitor these systems of control on an ongoing basis.

Described below are the main characteristics of our risk management and internal control framework.

CORPORATE GOVERNANCE REPORT

Control Environment

The scope of internal control relates to three major areas:

- effectiveness and efficiency of operations;
- reliability of financial reporting; and
- compliance with Listing Rules and other applicable laws and regulations.

The Group operates within an established control environment, which is consistent with the principles outlined in Internal Control and Risk Management — A Basic Framework issued by the Hong Kong Institute of Certified Public Accountants.

Risk Governance Structure

Our governance structure facilitates risk identification and escalation whilst providing assurance to the Board. We assign clear roles and responsibilities and facilitate the implementation of policies and guidelines. Our governance structure consists of three layers of roles and responsibilities to manage risk and internal control as below:

Role	Accountability	Responsibilities
Oversight	Audit Committee of the Board	<ul style="list-style-type: none"> — Oversees of material risks, corporate governance, financial reporting, risk management and internal control systems
Risk reporting and communication	Chief Financial Officer (“CFO”) and supporting team	<ul style="list-style-type: none"> — communicate and assess the Group’s risk profile and material risks — identify areas for improvement of risk management and internal control systems — track progress of mitigation plans and activities of material risks and report to the Board
Risk and control ownership	Business Units, Support Functions and Individuals	<ul style="list-style-type: none"> — Day-to-day monitoring and execution of internal control systems — Reporting to Chief Financial Officer according to our risk management framework

CORPORATE GOVERNANCE REPORT

Our Risk Management Process

Our risk management process is embedded in our strategy development, business planning, capital allocation, investment decisions, internal controls and day-to-day operations. This includes risk identification, exposure evaluation, risk level, control gaps and priorities evaluation, control development and execution and mitigation planning. There is also a continual process with periodic monitoring, review and reporting in place.

Quarterly risk review process at group level	— Our business units are required to report quarterly their material risks identification through their risk management process to the CFO.
	— The CFO reviews the risks identification reports, scrutinizes the material risks and ensures the controls and mitigation measures are in place or in progress.
	— For material and having a longer term effect's emerging risks, CEO will discuss with the directors for the monitoring measures and mitigation plans.
Risk review process for investment decisions	— All new investments must be reviewed on the risk of the investment by the CFO. CFO and his supporting team will provide suggestions to the Board regarding to the risks of the new investment, and any actions that can be done to control and mitigate the risks.
Risk management integrated with internal control systems	— Risk Management is closely linked to the Group's internal control framework. Key controls are subject to testing in order to assess their effectiveness.
Risk Management in the business planning process	— Our business units are required to identify all material risks that may impact their achievement of business objectives. The business units are also required to develop plans to mitigate the identified risks and for implementation and budget purpose. Our material risks are set out below.

Risk Management Monitoring

Our CFO and his supporting team regularly monitor and update the Group's risk profile and exposure and review the effectiveness of the internal control systems in mitigating risks.

Inside Information

The Group regulates the handling and dissemination of inside information as set out in the Group's corporate governance policy and various subsidiary procedures to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

CORPORATE GOVERNANCE REPORT

Internal and External Audit Function

Internal Audit Function

The internal audit function is carried out by the internal audit team. Under the supervision of the Audit Committee, it independently reviews compliance with Group's policies and guidelines, legal and regulatory requirements, risk management and internal control systems and evaluates their adequacy and effectiveness.

The internal audit team reports all major findings and recommendations to the Audit Committee on a regular basis. The internal audit plan is linked to the Group's day-to-day operation and is reviewed and endorsed by the Audit Committee.

The principal tasks of the internal audit team include:

- Preparation of an internal audit plan using a risk-based assessment methodology that covers the Group's all operations
- Review of all operations, controls and compliance with the Group's policies, procedures, rules and regulations. The audit scope covers significant controls including financial, operational and compliance controls, and risk management policies and procedures
- Review of special areas of concerns or risks as raised by the Audit Committee and senior management

Major audit findings and recommendations from the internal audit team, and management's response to these findings and recommendations, are presented to the Audit Committee. The implementation of all recommendations is followed up on an annual basis and the status is reported to the Audit Committee at its meetings.

External Audit Function

Our external auditor, PricewaterhouseCoopers (PwC), performs independent statutory audits of the Group's financial statements. To facilitate the audit, the external auditor attended all meetings of the Audit Committee. PwC noted that there is no significant internal control weaknesses in its audit for 2017.

Management function

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

Responsibilities in respect of the consolidated financial statements

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

CORPORATE GOVERNANCE REPORT

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2017.

The statement of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" on page 55.

The Group reported a net loss attributable to equity holders of US\$21.9 million and net current liabilities of approximately US\$22.8 million as at 31 March 2017. In addition, the Group failed to comply with certain Vessel Ratio requirements of certain bank borrowing as at 31 March 2017, entitling the banks to request for remedial actions by the Group, failing which may result in default of that bank borrowing. These events or conditions, along with other matters as set forth in Note 2.1.1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. The directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from 31 March 2017. The directors are of the opinion that, after taking into account both the plans and measures mentioned in Note 2.1.1 to the consolidated financial statements, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 March 2017. The opinion in the "Independent Auditor's Report" is not modified in respect of this matter.

The Directors acknowledge their responsibilities for preparing the financial statements of the Company on the going concern basis.

Shareholders' communication and rights

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

During the year ended 31 March 2017, two general meetings of the Company were held, i.e. the extraordinary general meeting of the Company held on 3 May 2016 and the annual general meeting of the Company held on 29 September 2016, and the attendance of each Director at the extraordinary general meeting and the annual general meeting of the Company is set out as follows:

Name of Directors	General meeting of the Company
Mr. YAN	2/2
Ms. LAM	2/2
Mr. CAO Jiancheng	2/2
Mr. CHEUNG Kwan Hung	2/2
Dr. CHAN Chung Bun, Bunny	2/2
Mr. WAI Kwok Hung	2/2

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

CORPORATE GOVERNANCE REPORT

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

External auditor of the Company will be invited to attend the forthcoming annual general meeting of the Company to answer any questions from the shareholders on the audit of the Company.

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

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

Investor relations

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

There was no change in the Company's constitutional documents during the year ended 31 March 2017.

AUDIT COMMITTEE REPORT

For the year ended 31 March 2017, the Audit Committee's review covered the audit plans and findings of the external auditor and internal control team, external auditor's independence and performance, the Group's accounting principles and practices, Listing Rules and statutory compliance, connected transactions, internal control systems, risk management, treasury, financial reporting matters (including the interim and annual reports for the Board's approval) and the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function as well as their training programmes and budget.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed financial reporting matters including a review of the audited consolidated financial information for the year ended 31 March 2017. In carrying out this review, the Audit Committee has relied on the audit conducted by the Group's external auditor in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Based on this review and discussions with the management, the Audit Committee is satisfied that the consolidated financial statements have been prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the year ended 31 March 2017. The Audit Committee therefore recommended the consolidated financial statements for the year ended 31 March 2017 to be approved by the Board.

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

The consolidated financial statements of the Company for the year ended 31 March 2017 have been audited by PricewaterhouseCoopers.

Members of the Audit Committee

Mr. CHEUNG Kwan Hung (*Chairman of Audit Committee*)

Dr. CHAN Chung Bun, Bunny

Mr. WAI Kwok Hung

Hong Kong, 23 June 2017

DIRECTORS' REPORT

The Directors are pleased to present this annual report together with the audited consolidated financial statements for the year ended 31 March 2017.

Principal activities

The principal activity of the Company is investment holding. The principal business of the Group is chartering out of the Group's own dry bulk vessels, property investment and development, and lending of money.

The principal activities and other particulars of the subsidiaries of the Company are set out in Note 15 to the consolidated financial statements.

Business review

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

Results and Dividends

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 61. The Directors did not recommend payment of any final dividend for the year ended 31 March 2017 (2016: Nil).

Environmental, society and governance

The Group is determined to become a responsible enterprise, and is committed to perfecting its business. At the same time, the Group has been actively improving the local community environment and taking part in community activities. The Group seeks to perform corporate citizenship, including the commitment of attaining the highest ethical standards, the provision of a safe and healthy workplace, and pay attention to the environment, resources utilisation and emissions in every aspect of its business as well as the contribution of resources to facilitate staff development training and the active involvement in charity. The Board is of the opinion that a good environmental, social and governance framework is of great importance to the development of the Group. Apart from the pursuit of business growth, the Group is also constantly perfecting in sectors such as environmental protection, social responsibilities and corporate governance. Meanwhile, the Group also hopes to achieve and improve its social responsibilities by enhancing corporate transparency. The Environmental, Social and Governance Report is set out at page 46 of this annual report.

As far as the Board and management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 March 2017, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During the year ended 31 March 2017, there was no material and significant dispute between the Group and its employees, customers and suppliers.

Reserves

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

DIRECTORS' REPORT

Property, plant and equipment

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

Distributable reserves

At 31 March 2017, distributable reserves of the Company amounted to US\$50,024,000 (2016: US\$48,851,000).

Pre-emptive rights

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

Five year financial summary

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

Share capital

Details of the movements in the share capital of the Company during the year ended 31 March 2017 are set out in Note 18 to the consolidated financial statements.

Equity-linked agreements

Save for the Sale and Purchase Agreement and the grant of options under the Share Option Scheme of the Company as referred to in the paragraph headed "Share Option Scheme" below, no equity-linked agreements (as defined under the Companies (Directors' Report) Regulation, Chapter 622D of the Laws of Hong Kong) that will or may result in the Company issuing Shares or that require the Company to enter into any such agreement that will or may result in the Company issuing shares were entered into by the Company during the year or subsisting at the end of the year. Please refer to the section headed "Management Discussion and Analysis" and note 19 and 23 to the consolidated financial statement for further information about the Subscription Agreement, the Sale and Purchase Agreement and the Share Option Scheme.

Purchase, sale or redemption of listed securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Shares for the year ended 31 March 2017.

DIRECTORS' REPORT

Directors

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

Executive Directors

Mr. YAN Kim Po (殷劍波) (*Chairman*)

Ms. LAM Kwan (林群) (*Chief Executive Officer*)

Mr. CAO Jiancheng (曹建成)

Independent non-executive Directors

Mr. CHEUNG Kwan Hung (張鈞鴻)

Dr. CHAN Chung Bun, Bunny (陳振彬)

Mr. WAI Kwok Hung (韋國洪)

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

Biographical details of Directors and senior management

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

Directors' service contracts

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

Permitted indemnity provisions

The Articles, which are currently in force and were in force during the year ended 31 March 2017, contain indemnity provisions which are permitted indemnity provisions under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) subject to the limitations specified in sections 468 and 469 thereof, for the benefit of the Directors. Pursuant to such provisions, the Company shall indemnify and hold harmless out of its assets and profits any Directors from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty in their offices provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of them. The Company has also taken out and maintained appropriate insurance cover to indemnify the Directors for liabilities that may arise out of corporate activities. The insurance coverage is reviewed on an annual basis. During the year ended 31 March 2017, no claims were made against the Directors.

DIRECTORS' REPORT

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

As at 31 March 2017, the interests and short positions of the Directors and/or the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she was taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register required to be kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interest in Shares, underlying Shares and debentures of the Company:

Name of Director	Capacity/ Nature of interest	Number of Shares held (Note 1)	Number of underlying Shares held (Note 1)	Approximate percentage of interest (%) (Note 12)
Mr. Yan	Interest of controlled corporation (Note 2)	622,215,000 (L)	—	67.83%
	Beneficial owner (Note 3)	—	2,100,000 (L)	0.23%
	Family interest (Note 3)	—	2,100,000 (L)	0.23%
	Family interest (Note 4)	727,500 (L)	—	0.08%
	Interest of controlled corporation (Note 5)	—	19,763,513 (L)	2.15%
	Beneficial owner and family interest (Note 6)	—	120,209,854 (L)	13.10%
	Beneficial owner and interest of spouse (Note 7)	—	261,633,210 (S)	28.52%
Ms. Lam (Note 13)	Interest of controlled corporation (Note 2)	622,215,000 (L)	—	67.83%
	Beneficial owner (Note 3)	—	2,100,000 (L)	0.23%
	Beneficial owner (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)	2.15%
	Beneficial owner and family interest (Note 6)	—	120,209,854 (L)	13.10%
	Beneficial owner and interest of spouse (Note 7)	—	261,633,210 (S)	28.52%
Mr. Cao Jiancheng	Beneficial owner (Note 8)	500,000 (L)	7,800,000 (L)	0.90%
Mr. Cheung Kwan Hung	Beneficial owner (Note 9)	—	800,000 (L)	0.09%
Dr. Chan Chung Bun, Bunny	Beneficial owner (Note 10)	—	800,000 (L)	0.09%
Mr. Wai Kwok Hung	Beneficial owner (Note 11)	—	300,000 (L)	0.03%

DIRECTORS' REPORT

Note(s):

- (1) The letter "L" denotes the person's long position and "S" denotes the person's short 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 31 March 2017. 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 31 March 2017. 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. 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 120,209,854 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\$17,000,000 issuable by the Company at the initial conversion price of HK\$1.096 per Share and the exchange rate of HK\$7.75 to US\$1.00. 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) These 261,633,210 Shares represented the total number of Shares which may be allotted and issued to Sfund upon the exercise of the conversion rights attaching to the Top Build Convertible Bonds for the aggregate principal amount of US\$ 37,000,000 at the initial conversion price of HK\$1.096 per Share and the exchange rate of HK\$7.75 to US\$1.00. Mr. Yan and Ms. Lam have granted the put option in favor of Sfund pursuant to which Sfund may request Mr. Yan and Ms. Lam to purchase these Top Build Convertible Bonds. 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.
- (8) On 21 October 2011 and 30 April 2015, Mr. Cao Jiancheng was granted share options of the Company in respect of 6,000,000 Shares and 2,300,000 Shares respectively pursuant to the Share Option Scheme. 7,800,000 share options remained outstanding as at 31 March 2017.
- (9) On 30 April 2015, Mr. Cheung Kwan Hung was granted share options of the Company in respect of 800,000 Shares pursuant to the Share Option Scheme. All these share options remained outstanding as at 31 March 2017.
- (10) On 30 April 2015, Dr. Chan Chung Bun, Bunny was granted share options of the Company in respect of 800,000 Shares pursuant to the Share Option Scheme. All these share options remained outstanding as at 31 March 2017.

DIRECTORS' REPORT

- (11) On 30 April 2015, Mr. Wai Kwok Hung was granted share options of the Company in respect of 800,000 Shares pursuant to the Share Option Scheme. 300,000 share options remained outstanding as at 31 March 2017.
- (12) The percentage is calculated on the basis of 917,310,000 Shares in issue as at 31 March 2017.
- (13) Ms. Lam is also the Chief Executive Officer of the Company.

Interest in shares and underlying shares of an associated corporation:

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

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

Save as disclosed above, as at 31 March 2017, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

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

As at 31 March 2017, the interests and short positions of each person, other than a Director or chief executive of the Company, in the Shares or underlying Shares of the Company as recorded in the register kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity/ nature of interest	Number of Shares held (Note 1)	Number of underlying Shares held (Note 1)	Approximate percentage of interest (%) (Note 4)
Ablaze Rich	Beneficial owner	622,215,000 (L)	—	67.83%
	Beneficial owner (Note 2)	—	19,763,513 (L)	2.15%
廣州匯垠發展投資合夥企業 (for identification only, Guangzhon Huiyin Development Investment Partnership Enterprise)	Investment manager	91,000,000	—	9.92%
Sfund	Beneficial owner (Note 3)	—	261,633,210 (L)	28.52%

DIRECTORS' REPORT

Notes:

- (1) The letter "L" denotes the person's long position in the Shares of the Company.
- (2) These 19,763,513 Shares represented the conversion shares which may be allotted and issued to Ablaze Rich upon the exercise of the conversion rights attached to the First Convertible Bonds in the principal amount of US\$3,000,000, at a conversion price of HK\$1.184 per conversion share, at the exchange rate of HK\$7.8 to US\$1.0. The First Convertible Bonds were issued by the Company and subscribed by Ablaze Rich on 2 September 2013. Ablaze Rich had not yet exercised the conversion rights attached to the First Convertible Bonds as at 31 March 2017. 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 261,633,210 Shares represented the total number of Shares which may be allotted and issued to Sfund upon the exercise of the conversion rights attaching to the Top Build Convertible Bonds for the aggregate principal amount of US\$37,000,000 at the initial conversion price of HK\$1.096 per Share and the exchange rate of HK\$7.75 to US\$1.00. 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.

These Shares were held by Sfund, which was wholly owned by Guangzhou Huiyin Tianye Equity Investment Fund Management Co., Ltd, which was owned as to 5% by Guangzhou Industry Investment Fund Management Co., Ltd and as to 95% owned by Guangzhou Technology Financial Innovation Investment Holdings. Guangzhou Technology Financial Innovation Investment Holdings was wholly owned by Guangzhou Industry Investment Fund Management Co., Ltd, which was wholly owned by People's Government of Guangzhou Municipality. Each of People's Government of Guangzhou Municipality, Guangzhou Huiyin Tianye Equity Investment Fund Management Co., Ltd, Guangzhou Technology Financial Innovation Investment Holdings and Guangzhou Industry Investment Fund Management Co., Ltd was deemed to be interested in all the Shares in which Sfund is interested by virtue of the SFO.

- (4) The percentage is calculated on the basis of 917,310,000 Shares in issue as at 31 March 2017.

Save as disclosed above, as at 31 March 2017, 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

DIRECTORS' REPORT

other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group; and (i) any company wholly owned by one or more eligible participants as referred to in (a) to (h) above.

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

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

The total number of Shares which may be allotted and issued upon exercise of all options (excluding for this purpose options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any share option scheme of the Group must not in aggregate exceed 83,000,000 Shares, representing 10% of the Shares in issue as at 19 August 2011 (i.e. the date on which the Share Option Scheme was adopted by the Company) and 9.05% of the Shares in issue as at the date of this annual report (the "General Scheme Limit"). The General Scheme Limit is also subject to the Overriding Limit, the refreshment of the General Scheme Limit (as described below) and the grant of share options beyond the General Scheme Limit (as described below).

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

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

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

In addition, where any grant of share options to a substantial shareholder or an independent non-executive Director of the Company or any of their respective associates (as defined under the Listing Rules) would result in the Shares issued or to be issued upon exercise of all share options already granted and to be granted (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant (a)

DIRECTORS' REPORT

representing in aggregate over 0.1% of the Shares in issue and (b) having an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK\$5 million, such further grant of share options must be approved by shareholders' in general meeting.

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

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

During the year ended 31 March 2017, movements of the share options granted under the Share option scheme are summarized as follows and in Note 20 to the consolidated financial statements:

List of grantees	Date of grant	Exercisable period	Closing price per Share immediately before the date of grant HK\$	Exercisable price per share HK\$	Number of share options					Outstanding as at 31 March 2017
					Outstanding as at 1 April 2016	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	
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

DIRECTORS' REPORT

List of grantees	Date of grant	Exercisable period	Closing price per Share immediately before the date of grant HK\$	Exercisable price per share HK\$	Number of share options					
					Outstanding as at 1 April 2016	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding as at 31 March 2017
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	—	(560,000)	—	—	3,490,000
Sub-total					4,050,000	—	(560,000)	—	—	3,490,000
Total					28,750,000	—	(1,260,000)	—	—	27,490,000

DIRECTORS' REPORT

Public float

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

Contracts of significance

Save for the Sale and Purchase Agreement and the deed of funding undertakings entered into between Ablaze Rich, Mr. Yan and Ms. Lam and the Company dated 29 June 2016, 30 September 2016 and 31 March 2017, no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director or an entity connected with a Director (as defined under the Companies Ordinance) or a controlling shareholder of the Company (as defined under the Listing Rules) or any of its subsidiaries is or was materially interested, whether directly or indirectly, subsisted during the year ended, or at, 31 March 2017. Please refer to the sections headed "Management Discussion and Analysis — Business Review" and "Management Discussion and Analysis — Financial Review — Liquidity, financial resources, capital structure and gearing ratio" of this annual report for further information about the Sale and Purchase Agreement and the deed of funding undertakings.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company which were not contracts of service with any Director or any person engaged in full time employment of the Company were entered into or subsisted during the year ended 31 March 2017.

Major customers and suppliers

For the year ended 31 March 2017, the Group's five largest customers together accounted for about 79.0% of the Group's total chartering revenue and the largest customer accounted for about 22.1% of the Group's total chartering revenue. The relatively high concentration of revenue attributable to a few customers during the year was due to the relatively small fleet size of the Group. Each of the five largest customers had established 2 to 5 years of business relationship with the Group.

For the year ended 31 March 2017, the Group's five largest suppliers together accounted for about 87.2% of the Group's costs of services, and the largest supplier accounted for about 80.5% of the Group's total costs of services. The Group's key suppliers include insurance underwriters, ship managers, shipbrokers, bunker fuel providers and shipyards. Each of the five largest suppliers had established 1 to 12 years of business relationship with the Group.

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

DIRECTORS' REPORT

Directors and controlling shareholders' interests in competing business

For the year ended 31 March 2017 and up to the date of this annual report, none of the Directors and controlling shareholders of the Company (i.e. Mr. Yan, Ms. Lam and Ablaze Rich) (the "Controlling Shareholders") was interested in any business which competes or is likely to compete with the businesses of the Group.

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

Our independent non-executive Directors have reviewed the compliance with the Deed of Non-competition during the year ended 31 March 2017 and up to the date of this annual report based on information and confirmation provided by the Controlling Shareholders, and they were satisfied that the Controlling Shareholders have duly complied with the Deed of Non-competition.

Corporate governance

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

Auditor

The consolidated financial statements of the Group for the year ended 31 March 2017 have been audited by PricewaterhouseCoopers. PricewaterhouseCoopers will retire at the conclusion the forthcoming annual general meeting of the Company and, being eligible offer themselves for re-appointment. A resolution to re-appoint PricewaterhouseCoopers as the auditor of the Company in the following year will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

YAN Kim Po

Chairman

Hong Kong, 23 June 2017

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. About the Report

Great Harvest Maeta Group Holdings Limited and its subsidiaries (the “Group” or “We”) are pleased to present our first Environmental, Social and Governance (“ESG”) Report (“ESG Report”). The report concerns environmental and social impacts, policies and initiatives of the Group to demonstrate our long-term commitment in ensuring that our activities, at all levels, are economically, socially and environmentally sustainable. Additional information in relation to the Group’s corporate governance and financial performance can be referred to our Annual Report 2017.

The scope of this ESG Report covers the environmental and social performances of the principal operating activities of the Group which include chartering out of the Group’s own dry vessels, property investment and development and money lending business, spanning over the period from 1 April 2016 to 31 March 2017.

The ESG Report is prepared according to the “Environmental, Social and Governance Reporting Guide” (the “ESG Reporting Guide”) as set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. With reference to the definition stated in the ESG Reporting Guide, the presentation of our ESG Report divides those aspects and key performance indicators (“KPI”), which are considered to be relevant and material to our Group’s businesses and operations, into four subject areas: Environmental Protection, Employment and Labour Practices, Operational Practices and Community Contribution. A complete list of index in compliance with the ESG Reporting Guide is also available at the end of this Report for reference. This report has complied with all the “comply or explain” provisions set out in the ESG Reporting Guide.

The Group is determined to become a responsible enterprise, and is committed to perfecting its business. At the same time, the Group has been actively improving the local community and taking part in community activities. In order to define what are relevant and material to our business with respect to sustainability, the key is to understand what issues that our stakeholders concerned most. We define our stakeholders as people who affect our business or who are affected by our business. Our stakeholders include the shareholders, employees, clients, suppliers, customers, environment and community. In our daily business, we actively exchange information with our stakeholders through our transparent platform while we are devoted to continuous improvement of our communication system. The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. We are also committed to maintaining a long-term partnership with our stakeholders and are actively engaged in addressing their concerns with timely follow-up actions. If you, as one of our stakeholders, have any questions about the content of the ESG Report or comments on the Group’s sustainability issues, please contact us via info@greatharvestmg.com.

2. Compliance with relevant laws and regulations relating to vessel operation

The Group is principally engaged in provision of chartered vessels for the transportation of dry bulk cargoes as well as operation of international voyages. Since each individual country has their own sovereignty over territorial waters, our vessels are required to comply with the law of the countries while in the territorial waters of the respective countries. These laws, regulations and rules generally govern the legal requirements, technical standards, Health-Safety-Environmental (HSE) procedures and measures of vessel operation and are outlined below.

1. International Convention for the Prevention of Pollution from Ships (“MARPOL”)

MARPOL concerns the prevention of marine environment pollution by vessels from operational or accidental causes. It regulates the emission of all forms of pollutants by vessels including oil, sewage, garbage and gas.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (“STCW Convention”)

STCW Convention sets out standards for training, certification and watchkeeping for seafarers working on board of the vessels which operates on international voyages. In accordance with this convention, vessels owned by the Group are required to be manned by sufficient officers and crew possessing sufficient sea time. Each of them must be trained and qualified accordingly to perform their respective duties on board.

3. Convention on the International Regulations for Preventing Collisions at Sea (“COLREGS”)

COLREGS sets out the rules of the road for vessels engaged on voyages on the high sea. It contains rules for steering and sailing, conduct of vessels in limited visibility etc.

4. International Convention on Load Lines

It sets out the limit to the draught to which a ship may be loaded, in addition to setting provisions to prevent water from entering a ship through doors, hatches, windows, ventilators etc.

5. International Safety Management Code for Safe Operation of Ships and for Pollution Prevention (“ISM Code”)

ISM Code was designed to extend greater responsibility to onshore management in respect of safe operation of ships as well as prevention of pollution. The ISM code requires every ship should carry the Safety Management Certificate (SMC), a document issued to a ship which signifies that a company and its shipboard management operate in accordance with the approved safety management system. All vessels owned, operated and managed by the Group have to comply with the ISM Code.

Given that the vessels owned by the Group are registered in Hong Kong, as a result, the vessels, in addition to the international conventions mentioned above, are required to be compliant with the applicable laws, regulations and requirements of Hong Kong, which include Merchant Shipping (Safety) Ordinance (Cap 369) that is relevant to the ESG Reporting Guide as well.

The Group has established a set of policies and procedures in place with respect to the shipboard operation for each of the Group’s vessels, including 1) safety and environmental protection policy; 2) instructions and procedures to ensure safe operation of ships and protection of environment in compliance with relevant international and flag state legislation; 3) procedures for reporting accidents and non-conformities with the provisions of the ISM Code; and 4) procedures of preparation for and response to emergency.

The Group’s safety and environmental policies are implemented through its safety management system in place in compliance with the requirements of the ISM Code. Each of the Group’s vessels have been issued and have maintained the relevant certificates issued by the American Bureau of Shipping and Lloyd’s Register of Shipping pursuant to the ISM Code and MARPOL for compliance with various requirements relating to prevention of air pollution, oil pollution and other kinds of marine pollution. The Group has not committed to any material breaches of the relevant laws, rules and regulations concerning environmental protection during the reporting period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. Environmental Protection

The Group continues to address the environmental issues in relation to global warming, water pollution, and biodiversity of the aquatic environment. We recognise that a corporate citizen must take responsibility for their industry's impacts on the environment. We believe that by taking a proactive role in caring for the environment, we can help reduce the consumption of natural resources, minimise our discharges, wastes, greenhouse gas emissions, as well as other pollutants regulated under national laws and regulations, so as to build a sustainable future for our generations and their generations.

3.1 Emissions

Greenhouse Gases (GHG) emissions are widely considered to be associated with the phenomenon of global warming and climate change that are critical to everyone who lives on the Earth. The Group strives to put the best effort in reducing greenhouse gas emissions. The Group endeavours to implement new environmentally friendly technology to improve our vessels, such as installing NOx-controlled propulsive engine to help reduce NOx emissions. The Group is also compliant with the requirements of using 0.1% sulphur content fuel when our vessels are berthed at designated European Union ports and Hong Kong. Water pollutant is generated as we operate. To minimize the environmental impact of our operation, we have implemented a series of measures to control the emission of water pollutant.

3.2 Use of Resources

The Group has set out policies to use resources efficiently, including energy, water and other raw materials. We actively minimise the consumption of electricity, fuel and other raw materials in vessels, warehouses and offices. We continue focusing on green investment such as fuel-efficient vessels, environmental friendly machineries and equipment. We believe that these policies can reinforce our commitment that we offer our customer the best quality of service with the least impact on our planet.

3.3 The Environment and Natural Resources

The Group established policies in respect to reducing impacts of operational activities on the environment and natural resources and implementing environmental measures that encourage marine biodiversity and protect natural environment. The Group continues, at its best effort, to invest in research and development of sustainable materials for a better environment. We also continue to strengthen our contribution to the environmental protection and strive to build a green and healthy environment to fulfil our responsibilities as a responsible corporate citizen.

4. Employment and Labour Practices

4.1 Corporate Policy of Employment and Labour

Human capital has always been considered by the Group as the most important asset for our long-term operation and business development. Through providing desirable workplace, continuous training schemes and prospective career opportunities to our employees, the Group has set itself in a good position to maintain a robust business performance and growth.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group safeguards the rights of our employees by providing medical insurance, disability and invalidity coverage, maternity leave, Mandatory Provident Fund (MPF) Scheme, incentives and bonus to all our full-time employees. The Group must ensure all employees are equally treated in determining the recruitment, compensation, promotion and dismissal, regardless of race, gender, age, position, religion and physical condition. Any forms of discrimination are prohibited and will be penalized. Our employees normally work 8 hours a day and less than 40 hours a week. Employees can rest at least 2 days per week.

4.2 Health and Safety

Safety is always the first and primary mission throughout our operation. The Group has been attaching great importance to a comfortable and safe working environment for our employees which protect them from potential occupational hazards and health and safety risks, in order to achieve zero tolerance of accidents and injuries.

The operation, management and maintenance of the Group's vessels are delegated to experienced and professional operation team under the close supervision of the Group's management. The Group has also adopted stringent vessel maintenance policy to ensure the seaworthiness and safe operation of the Group's vessels during their service life. As such, the Group has been able to maintain the classification status of its vessels with two of the internationally reputable classification societies. The Directors believe that by engaging an experienced, competent and well-recognized management team to operate the vessels, the Group will be able to maintain the desired standard of operation, safety, seaworthiness, conditions and compliance of various technical requirements.

The Group takes a zero-tolerance approach for work-related injuries and ensure full compliance with the required health and safety laws and regulations at all time. During the reporting period, no incidents of health and safety standard violations were identified.

4.3 Development and Training

Considering that each of the position is of unique professional and technical needs, the Group ensures that every new joiner receives proper orientation training and mentoring in order to help them adapt to the new working environment affirmatively and quickly. Continuous training is committed by the Group in different ways including internal training courses, comprehensive training for specific skill development, and professional training for relevant employees. Through a variety of training programs, the Group can nurture the employees to elevate their personal qualities, reinforce their skill sets and keep up with the most advanced professional knowledge. Implementation of safety training and comprehensive risk assessments are also one of the most important tasks in the Group. We offer safety program to our marine employees and ensure that newly recruited or promoted employees will perform in a safe and efficient manner.

The Group aims to uphold a fair and equitable human resource policy, in which quality and merit of the candidates are identified as the most important elements during the recruitment and promotion processes. The Group offers equal employment opportunities to different genders, age groups and nationalities such that a sound diversity of human resources can be achieved.

Sense of belonging and morale of the employees are the key drivers to a healthy growth of every commercial organization. The Group promotes open and direct communication between employees and management. Causal and festival gatherings such as Christmas and Chinese New Year dinners are organized to enhance the harmonious spirit throughout the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4.4 Labour Standards

The Group is strictly complying with the requirements of the Labour Law and other regulations of Hong Kong relating to preventing child and forced labour.

5. Operating Practices

5.1 Corporate Policy of Supply Chain Management

We have developed a vendor and supplier selection mechanism in which we require our potential contractors or suppliers to comply with all the applicable laws and regulations and confirm their compliance with safety, environment, and social aspects. Inspection and assessments may be conducted by the Group if deemed necessary. To maintain a good corporate control and governance, the Group has developed a series of management systems and procedures in alignment with the Corporate Governance required by the Hong Kong Stock Exchange. Moreover, the Group has implemented policies on environmental and social risks management of the supply chain. In addition, the Group encourages all business partners to develop energy-saving and consumption-reducing policies in order to work together in our pursuit of sustainable development.

5.2 Corporate Policy of Anti-Corruption

Under the Group's whistle-blowing policy, employees may report any concern regarding accounting controls and audit matters to the Audit Committee without fear of dismissal or retaliation. The Audit Committee will review each complaint and decide how the investigation should be conducted. During the reporting period, the Audit Committee identified no complaint from employees.

The Group is committed to upholding a high standard of business ethics and prevention of bribery and corruption practices. The Group has developed a series of policies of anti-fraud, anti-bribery, anti-extortion and anti-money laundering with reference to the Prevention of Bribery Ordinance (Cap 201 of the laws of Hong Kong). With the principle of "Commitment, Assurance of High Quality, Fair Deals and Faithfulness", all employees perform their duties with utmost level of good faith, determination and professionalism, and ensure that the reputation of the Group will not be tarnished because of misconduct and corruption behavior. No concluded legal cases in relation to corruptive practices were brought against the Group or its employees during the reporting period.

6. Community Investment

The Group is committed to improving the society through continuous community involvement. We support the local community through different means including employee volunteering and personal donations. For instance, the Group actively supports Pok Oi Hospital in Hong Kong through financial contribution, which has been providing quality medical, educational and social services for the needy of our society. We believe that their motto "We love, we care, we serve" appropriately reflects the Group's policy of community investment. Overall, the Group donated to non-profit organisations worth approximately HK\$20,000 during the reporting period. Both the Group and its employees will continue to put their best effort in helping the local communities and people in need in the society.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

7. SEHK ESG Guide Content Index

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Section 2; Section 3.1	
KPI A1.1	Types of emissions and respective emissions data	—	The Group will disclose this data in the next reporting period.
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	—	The Group will disclose this data in the next reporting period.
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	—	The Group will disclose this data in the next reporting period.
KPI A1.4	Total non-hazardous waste produced and intensity	—	The Group will disclose this data in the next reporting period.
KPI A1.5	Description of measures to mitigate emissions and results achieved	—	The Group will disclose this data in the next reporting period.
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	—	The Group will disclose this data in the next reporting period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
Aspect A2: Use of Resources			
General Disclosure	Policies on efficient use of resources including energy, water and other raw materials	Section 3.2	
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	—	The Group will disclose this data in the next reporting period.
KPI A2.2	Water consumption in total and intensity	—	The Group will disclose this data in the next reporting period.
KPI A2.3	Description of energy use efficiency initiatives and results achieved	—	The Group will disclose this data in the next reporting period.
KPI A2.4	Description of whether there is any issue in sourcing water, water efficiency initiatives and results achieved	—	The Group will disclose this data in the next reporting period.
KPI A2.5	Total packaging material used for finished products, and if applicable, with reference to per unit produced	—	Use of packaging material is not applicable to our core business.
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	Section 3.3	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	—	The Group will disclose this data in the next reporting period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Section 2; Section 4.1; Section 4.3	
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Section 2; Section 4.2	
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Section 4.3	
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Section 4.4	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain	Section 5.1	
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	—	This aspect is fully not applicable to the Group during this reporting period, as we do not produce products. We are doing review and might disclose it next year subject to its materiality.
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Section 5.2	
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration communities' interests	Section 6	

INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

TO THE SHAREHOLDERS OF GREAT HARVEST MAETA GROUP HOLDINGS LIMITED

(incorporated in Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Great Harvest Maeta Group Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 61 to 132, which comprise:

- the consolidated statement of financial position as at 31 March 2017;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

INDEPENDENT AUDITOR'S REPORT

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw your attention to Note 2.1.1 to the consolidated financial statements which states that the Group reported a net loss attributable to equity holders of US\$21,882,000. As at the same date, the Group's current liabilities exceeded its current assets by US\$22,787,000. In addition, the Group failed to comply with certain vessel ratio requirement of a bank borrowing of approximately US\$10,906,000 as at 31 March 2017, entitling the bank to request for remedial action by the Group, failing which may result in default of that bank borrowing. These events or conditions, along with other matters as set forth in Note 2.1.1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters identified in our audit are summarised as follows:

- Impairment of vessels
- Valuation of investment properties

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter**How our audit addressed the Key Audit Matter*****Impairment of vessels***

Refer to Note 4(c) and 13 to the consolidated financial statements

As at 31 March 2017, the aggregated carrying value of the Group's four vessels was US\$50.3 million, against which the impairment loss totalling US\$16.0 million was recognised. The carrying amount of the vessels is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Management regards each individual vessel as a separately identifiable cash-generating unit. Following a review of the business and the outlook for the industry, management considered that there are impairment indicators and carried out an impairment assessment of the vessels.

The recoverable amount of the vessels is based on higher of fair value less costs of disposal and value-in-use. Management determined the value-in-use calculations by estimating the discounted cash flow projections approved by board of directors covering the remaining useful lives of the vessels.

We focused on this area because significant estimations were involved in determining the recoverable amount of the vessels.

We evaluated management's impairment assessment by assessing the valuation methodology, the discounted cash flows projections used in the value-in-use calculations and the process by which they were prepared and assessing the reasonableness of the underlying key assumptions and judgement, including:

- The forecast charter hire rates were compared with long term historical actual results and published external industry forecasts;
- The inflation rates of operating, administrative and general expenses compared with economic forecasts;
- The forecast utilisation rates were compared with historical actual results and management's business plan;
- The discount rate was compared with industry practice and similar organisations;
- Reviewing the appropriateness of the sensitivity calculations prepared by management, in particular, the assumptions set out above.

We found the management's judgement and assumptions used in the impairment assessment to be supportable based on the available evidence.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter

How our audit addressed the Key Audit Matter

Valuation of investment properties

Refer to Note 4(g) and 14 to the consolidated financial statements

Management has estimated the fair value of the Group's investment properties to be US\$61.3 million at 31 March 2017, with a fair value gain of US\$2.2 million for the year ended 31 March 2017 recorded in the consolidated statement of comprehensive income.

Independent external valuation was obtained in order to support management's estimates. The valuations are dependent on certain key assumptions that require significant management judgement, including location adjustment, size adjustment, land use right adjustment and time adjustment.

We focused on this area due to significance to the consolidated financial statements and its significant estimations involved in determining the valuation of the investment properties.

Our procedures in relation to management's valuation of investment properties included:

- Evaluation of the independent external valuer's competence, capabilities and objectivity;
- Assessing the methodologies used and the appropriateness of the key assumptions (such as location adjustments, size adjustment, land use right adjustment and time adjustments) based on our knowledge of the property industry and using our in-house valuation experts; and
- Checking on a sample basis the accuracy and relevance of the input data used.

We found that the assumptions and estimates made by the management in relation to the valuation was supported by the available audit evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Wai Bong, Benson.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 June 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Note	2017 US\$'000	2016 US\$'000 (Restated — Note 2.1)
Revenue	5	8,097	9,135
Cost of services	7	(8,864)	(14,997)
Gross loss		(767)	(5,862)
Other gains/(losses) — net	6	2,510	(911)
Other income		14	310
General and administrative expenses	7	(2,342)	(3,203)
Impairment losses on property, plant and equipment	13	(16,000)	(29,600)
Operating loss		(16,585)	(39,266)
Finance income	8	1	3
Finance costs	8	(4,563)	(2,102)
Finance costs — net		(4,562)	(2,099)
Loss before income tax		(21,147)	(41,365)
Income tax (expense)/credit	10	(591)	213
Loss for the year		(21,738)	(41,152)
Loss attributable to			
— Owners of the Company		(21,882)	(41,070)
— Non-controlling interest		144	(82)
		(21,738)	(41,152)
Loss per share attributable to owners of the Company			
— Basic and diluted	11	(US2.39 cents)	(US4.58 cents)
Other comprehensive loss for the year			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		(2,859)	(2,351)
Total comprehensive loss for the year		(24,597)	(43,503)
Total comprehensive loss attributable to:			
— Owners of the Company		(24,484)	(43,210)
— Non-controlling interest		(113)	(293)
		(24,597)	(43,503)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Note	2017 US\$'000	2016 US\$'000 (Restated — Note 2.1)
ASSETS			
Non-current assets			
Property, plant and equipment	13	50,317	68,475
Investment properties	14	61,282	63,094
Pledged bank deposits	17	500	1,750
		112,099	133,319
Current assets			
Trade and other receivables	16	2,378	1,375
Loan receivables	16	—	6,795
Pledged bank deposits	17	2,531	1,563
Cash and cash equivalents	17	266	880
		5,175	10,613
Total assets		117,274	143,932
EQUITY			
Equity attributable to owners of the Company			
Share capital	18	1,176	1,174
Reserves	20	15,743	73,658
		16,919	74,832
Non-controlling interest		3,883	3,996
Total equity		20,802	78,828

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Note	2017 US\$'000	2016 US\$'000 (Restated — Note 2.1)
LIABILITIES			
Non-current liabilities			
Borrowings and loans	21	13,535	—
Convertible bonds	23	40,265	3,810
Derivative financial instruments	25	—	213
Deferred income tax liabilities	22	14,710	15,131
		68,510	19,154
Current liabilities			
Other payables and accruals	24	4,711	4,780
Borrowings and loans	21	23,198	41,170
Derivatives financial instruments	25	53	—
		27,962	45,950
Total liabilities		96,472	65,104
Total equity and liabilities		117,274	143,932

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

The consolidated financial statements on pages 61 to 65 were approved by the Board of Directors on 23 June 2017 and were signed on its behalf.

Yan Kim Po
Director

Lam Kwan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

(Restated — Note 2.1)											
Attributable to owners of the Company											
	Share capital	Share premium	Convertible bonds	Share option reserve	Merger reserve	Other reserves	Exchange reserve	Retained profits/ (Accumulated losses)	Total	Non-controlling interest	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	(Note 20(a)) US\$'000	(Note 20(b)) US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	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 (Note 2.1)	1,064	25,120	—	1,043	8,764	13,636	345	46,752	96,724	4,289	101,013
Comprehensive loss											
Loss for the year	—	—	—	—	—	—	—	(41,070)	(41,070)	(82)	(41,152)
Other comprehensive loss											
Currency translation differences	—	—	—	—	—	—	(2,140)	—	(2,140)	(211)	(2,351)
Total comprehensive loss	—	—	—	—	—	—	(2,140)	(41,070)	(43,210)	(293)	(43,503)
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 31 March 2016, as restated (Note 2.1)	1,174	45,665	—	1,706	8,764	13,636	(1,795)	5,682	74,832	3,996	78,828
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 (Note 29)	—	—	—	—	8,718	—	(1,795)	33,482	40,405	3,996	44,401
Balance at 1 April 2016, as restated (Note 2.1)	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 year	—	—	—	—	—	—	—	(21,882)	(21,882)	144	(21,738)
Other comprehensive loss											
Currency translation differences	—	—	—	—	—	—	(2,602)	—	(2,602)	(257)	(2,859)
Total comprehensive loss	—	—	—	—	—	—	(2,602)	(21,882)	(24,484)	(113)	(24,597)
Transactions with owners in their capacity as owners											
Issue of convertible bonds (Note 23)	—	—	38,954	—	—	—	—	—	38,954	—	38,954
Common control business combination (Note 29)	—	—	—	—	(72,572)	—	—	—	(72,572)	—	(72,572)
Employee share option scheme:											
— Exercise of share options	2	257	—	(70)	—	—	—	—	189	—	189
Total transactions with owners	2	257	38,954	(70)	(72,572)	—	—	—	(33,429)	—	(33,429)
Balance at 31 March 2017	1,176	45,922	38,954	1,636	(63,808)	13,636	(4,397)	(16,200)	16,919	3,883	20,802

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	Note	2017 US\$'000	2016 US\$'000 (Restated — Note 2.1)
Cash flows from operating activities			
Net cash generated from/(used in) operating activities	26	5,355	(9,196)
Cash flows from investing activities			
Addition of investment properties		(35)	(63)
Purchase of property, plant and equipment		(380)	(791)
Proceeds from disposal of asset classified as held for sale		—	3,608
Proceeds from disposal of property, plant and equipment and bunker		—	502
Acquisition of a subsidiary, net of cash acquired		—	(4)
Interest received		1	3
Net cash (used in)/generated from investing activities		(414)	3,255
Cash flows from financing activities			
Issue of shares		—	20,009
Proceeds from exercise of share options	19(ii)	189	465
Interest paid		(1,447)	(1,747)
Inception of loan from ultimate holding company		3,000	1,000
Repayment of loan from ultimate holding company		—	(4,000)
Repayments of bank borrowings		(7,576)	(13,188)
Decrease in pledged bank deposits		282	3,839
Net cash (used in)/generated from financing activities		(5,552)	6,378
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year		880	463
Exchange losses on cash and cash equivalents		(3)	(20)
Cash and cash equivalents at end of year	17	266	880

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

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

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

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

These financial statements are presented in United States dollars (“US\$”), unless otherwise stated.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) and the requirements of Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention, as modified in relation to the revaluation of investment properties and certain financial liabilities (including derivative financial instruments) at fair value through profit or loss, which are carried at fair value.

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

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’ (“AG 5”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The comparative amounts in the consolidated financial statements are restated. The details of the merger accounting restatement are set out in Note 29.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)**2.1 Basis of preparation (continued)****2.1.1 Going concern basis**

For the year ended 31 March 2017, the Group recorded a net loss attributable to the equity holders of US\$21,882,000 and had net cash inflows from operating activities of US\$5,355,000. As at the same date, the Group's current liabilities exceeded its current assets by US\$22,787,000.

As at 31 March 2017, the Group had total outstanding bank borrowings amounted to US\$33,710,000. During the year ended 31 March 2017, the relevant ratio of the Group's vessels' market value together with value of security to outstanding borrowing amount under the relevant loan agreements (the "Vessel Ratio") fell below the relevant ratio as prescribed under these loan agreements. In respect of bank borrowings for an aggregate amount of US\$22,804,000, management successfully negotiated with the relevant bank and revise the relevant Vessel Ratio requirements so that the Group was in compliance with the revised Vessel Ratio requirements as at 31 March 2017.

In respect of the remaining bank borrowing of approximately US\$10,906,000, the Group's Vessel Ratio for the relevant vessel fell below the prescribed Vessel Ratio requirement under the relevant loan agreement, entitling the bank to request for remedial actions by the Group. No such request had been made by the bank, and the Group had not obtained a waiver from the bank from complying with or for revising the Vessel Ratio requirement up to the date of the approval of these consolidated financial statements. 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 as may be required by the bank.

As at 31 March 2017, the Group had two convertible bonds of US\$40,265,000, which comprised convertible bonds in principal amount of US\$3,000,000 issued in September 2013 ("Ablaze Rich Convertible Bonds"); and convertible bonds in principal amount of US\$54,000,000 issued in May 2016 ("Top Build Convertible Bonds"). On the same date, the Group had loans from ultimate holding company of US\$3,023,000. Pursuant to the respective convertible bonds and loan agreements, the bondholders and lender have the right to demand for immediate repayment of the relevant principal amount of the convertible bonds and loans together with accrued interests should there be an event of defaults 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 31 March 2017. The directors are of the opinion that, after taking into account the following plans 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 31 March 2017:

- (i) In respect of the bank borrowings for the aggregate amount of US\$22,804,000, the Group will continue to monitor its compliance with the revised Vessel Ratio requirements. Should the Group be unable to comply with these revised Vessel Ratio requirements, the directors plan to negotiate with the bank and will seek to further revise these Vessel Ratio requirements or obtain a waiver of compliance with the Vessel Ratio requirements from the bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Going concern basis (continued)

- (ii) In respect of the bank borrowings of US\$10,906,000, so far the Group did not receive any communication from the relevant bank in relation to non-compliance of the Vessel Ratio requirements and request for remedial actions. Should the bank require any remedial actions, the directors plan to negotiate with the bank and will seek to revise the existing Vessel Ratio requirements or obtain a waiver of the compliance with the Vessel Ratio requirements from the bank.
- (iii) In respect of the two convertible bonds with aggregate principal amount of US\$20,000,000 as of 31 March 2017, the 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 fifteen months from 31 March 2017. For the remaining convertible bonds with principal amount of US\$37,000,000, the directors plan to negotiate with the bondholder and will request the bondholder to issue a waiver should there be an event of default happened in respect of other borrowings of the Group.
- (iv) In respect of loans of US\$3,023,000, the lender confirmed that it does not have the intention and will not exercise its rights to demand for immediate repayment of the loan even if the events allowing such rights to demand happen in the next fifteen months from 31 March 2017.
- (v) On 31 March 2017, Ablaze Rich Investments Limited, ultimate holding company ("Ablaze Rich"), 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 and the Guarantors within fifteenth 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 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 fifteenth 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)**2.1 Basis of preparation (continued)****2.1.1 Going concern basis (continued)**

- (vi) As at the date of approval of the consolidated financial statements, the Group is in negotiation with the banks to restructure the bank borrowings totaling US\$19,015,000 repayable within twelve months from 31 March 2017.
- (vii) 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 31 March 2017. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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

- (i) Continuous compliance by the Group of the existing terms and conditions of the bank borrowings and, where applicable, successful negotiation with the banks to obtain waiver or to revise the existing terms and conditions of the bank borrowings for the continuous compliance thereof as and when needed such that the existing bank borrowings will continue to be available to the Group and be repaid in accordance with the agreed repayment schedules;
- (ii) Successful negotiation with the bondholder to obtain waiver as and when needed such that the convertible bonds with principal amount of US\$37,000,000 will continue to be available to the Group;
- (iii) Ablaze Rich and the Guarantors will be able to provide the funding advance of up to US\$30,000,000 to the Group as and when needed which will be repayable beyond twelve months from 31 March 2017;
- (iv) Successful negotiation with the banks to restructure the bank borrowings to be repayable in next twelve months from 31 March 2017;
- (v) Obtaining additional sources of financing or bank borrowings as and when needed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Going concern basis (continued)

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

2.1.2 Changes in accounting policy and disclosures

- (a) New standard and amendments to existing standards adopted by the Group for the financial year beginning 1 April 2016.

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
HKAS 1 (Amendment)	The disclosure initiative
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortization
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer plants
HKAS 27 (Amendment)	Equity method in separate financial statements
HKFRS (Amendment)	Improvements to HKFRS 2012–2014 cycle

The adoption of above new standard and amendments did not have any significant impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)**2.1 Basis of preparation (continued)****2.1.2 Changes in accounting policy and disclosures (continued)**

- (b) The following new standards and amendments to existing standards that have been issued, but are not effective for the financial year beginning on or after 1 April 2016 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
HKAS 7 (Amendment)	Statement of cash flows — disclosure initiative	1 April 2017
HKAS 12 (Amendment)	Recognition of deferred tax assets for unrealized losses	1 April 2017
HKFRS 2 (Amendment)	Classification and measurement of share-based payment transactions	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
HKFRS (Amendment)	Improvement to HKFRS 2014–2016 cycle	1 April 2017 or 1 April 2018, as appropriate

Note: The effective date was to be determined.

HKFRS 15 “Revenue from Contracts with Customers”

HKFRS 15 establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize through a 5-step approach:

- (1) Identify the contract(s) with customer;
- (2) Identify separate performance obligations in a contract;
- (3) Determine the transaction price;
- (4) Allocate transaction price to performance obligations;
- (5) Recognize revenue when performance obligation is satisfied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(b) (continued)

HKFRS 15 “Revenue from Contracts with Customers” (continued)

The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an ‘earnings processes’ to an ‘asset-liability’ approach based on transfer of control.

HKFRS 15 provides specific guidance on capitalisation of contract cost and license arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers.

Management is currently assessing the impact of applying HKFRS 15 on the Group’s financial statements by identifying the separate performance obligations in the contracts with customers and allocating the transactions price, which could affect the timing of the revenue recognition. Management will make more detailed assessments of the impact over the next twelve months.

HKFRS 9 “Financial instruments”

HKFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income (“OCI”) and fair value through profit or loss. Classification is driven by the entity’s business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability’s own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)**2.1 Basis of preparation (continued)****2.1.2 Changes in accounting policy and disclosures (continued)**

(b) (continued)

HKFRS 9 “Financial instruments” (continued)

HKFRS 9 introduces a new model for the recognition of impairment losses — the expected credit losses (“ECL”) model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a ‘three stage’ approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

HKFRS 9 applies to all hedging relationships, with the exception of portfolio fair value hedges of interest rate risk. The new guidance better aligns hedge accounting with the risk management activities of an entity and provides relief from the more “rule-based” approach of HKAS39.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group’s disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 16 “Leases”

HKFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for group’s operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK\$375,000. Management does not expect a significant impact from these commitments in the recognition of an asset and a liability for future payments and the resulted Group’s profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(b) (continued)

HKFRS 16 “Leases” (continued)

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

Apart from aforementioned HKFRS 9, HKFRS 15 and HKFRS 16, the directors of the Company are in the process of assessing the financial impact of the adoption of the above new standards and amendments to standards. The directors of the Company will adopt the new standards and amendments to standards when they become effective.

2.2 Subsidiaries

2.2.1 Consolidation

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

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)**2.2 Subsidiaries (continued)****2.2.1 Consolidation (continued)****(a) Business combinations (continued)**

Acquisition-related costs are expensed as incurred.

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(c) Disposal of subsidiaries

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

2.2.2 Common control business combinations

The consolidated financial statements incorporate the financial statements 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. Hong Kong Accounting Guideline 5, "Merger accounting for common control combinations" ("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 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 consolidated financial statements 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.4 Foreign currency translation (continued)

(c) Group companies

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

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

2.5 Property, plant and equipment

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

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

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

— Vessels	25 years
— Office equipment	3–5 years
— Motor vehicles	4 years

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

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

2.6 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 consolidated statement of comprehensive income as part of a valuation gain or loss in 'other gains/(losses) — net'.

2.7 Impairment of non-financial assets

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

2.8 Financial assets

2.8.1 Classification

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.8 Financial assets (continued)

2.8.1 Classification (continued)

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

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

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables", "loan receivables", "pledged bank deposits" and "cash and cash equivalents" in the consolidated statement of financial position (Notes 2.12 and 2.13).

2.8.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date — the date on which the Group commits to purchase or sell the asset. Investment are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

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

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.10 Impairment of financial assets

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

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

For loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument’s fair value using an observable market price.

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

2.11 Derivative financial instruments which do not qualify for hedge accounting

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.12 Trade receivables, other receivables and loan receivables

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

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

2.13 Cash and cash equivalents

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

2.14 Share capital

Ordinary shares are classified as equity.

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

2.15 Trade and other payables

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

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

2.16 Borrowings

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in consolidated statement of comprehensive income in the period in which they are incurred.

2.18 Convertible bonds

(a) *Convertible bonds with equity component*

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 CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.18 Convertible bonds (continued)

(b) *Convertible bonds without equity component*

All other convertible bonds which do not exhibit the characteristics mentioned in (a) above are accounted for as hybrid instruments consisting of an embedded derivative and a host debt contract.

At initial recognition, the embedded derivative of the convertible bonds is accounted for as derivative financial instruments and is measured at fair value. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as a liability under the contract. Transaction costs that relate to the issue of the convertible bonds are allocated to the liability under the contract.

The derivative component is subsequently carried at fair value and changes in fair value are recognised in the consolidated income statement. The liability under the contract is subsequently carried at amortised cost, calculated using the effective interest method, until extinguished on conversion, redemption or maturity.

When the bond is converted, the carrying amount of the liability under the contract together with the fair value of the relevant derivative component at the time of conversion are transferred to share capital as consideration for the shares issued. When the bond is redeemed, any difference between the redemption amount and the carrying amounts of both components is recognised in the consolidated statement of comprehensive income.

2.19 Current and deferred income tax

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

(a) *Current income tax*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)**2.19 Current and deferred income tax (continued)****(b) Deferred income tax**Inside basis differences

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

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

Outside basis differences

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

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

(c) Offsetting

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.20 Employee benefits

(a) Retirement benefit obligations

The Group operates the defined contribution pension plans.

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

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

(b) Profit-sharing and bonus plans

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

2.21 Share-based payments

(a) Equity-settled share-based payment transactions

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)**2.21 Share-based payments (continued)****(a) Equity-settled share-based payment transactions (continued)**

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

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

(b) Share-based payment transactions among group entities

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

2.22 Provisions

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.23 Revenue recognition

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

(a) *Charter income*

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

(b) *Interest income — Money lending*

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

2.24 Leases

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management

3.1 Financial risk factors

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

(a) *Market risk*

(i) **Foreign exchange risk**

Foreign currency risk is the risk that the value of a financial instrument fluctuates because of the changes in foreign exchange rates.

The operation of the Group's vessel chartering business and property investment and development business are primarily in US\$ and the Renminbi ("RMB") respectively, with small extent in HK\$. Foreign exchange risk arises when recognized financial assets and liabilities are denominated in a currency that is not the entity's functional currency.

The financial assets and liabilities of the subsidiaries of the Group in HK and the People's Republic of China (the "PRC") are primarily denominated in US\$ and RMB, respectively. As US\$ is pegged with HK\$ under the Linked Exchange Rate System, the Group does not have significant foreign currency transactions and balances. Foreign currency sensitivity analysis is not presented.

(ii) **Cash flow and fair value interest rate risk**

The Group is exposed to fair value interest rate risk arising from convertible bonds (Note 23). The Group is also exposed to cash flow interest risk arising from floating rate bank borrowings (Note 21), 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 25.

Except for the convertible bonds with principal amount of US\$3,000,000 and the loans from ultimate holding company, 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 31 March 2017, if interest rates on bank borrowings had been fluctuated by 30 basis points with all other variables held constant, the Group's post-tax loss for the year would have been affected by US\$68,000 (2016: US\$88,000), mainly as a result of fluctuation on interest expenses on floating rate bank borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

Credit risk is managed on a group basis. The Group's credit risk mainly arises from cash and cash equivalents, deposits with banks (including pledged deposits) as well as trade and other receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. Management has policies in place to monitor the exposures to these credit risks on an on-going basis.

For cash and cash equivalents and deposits with banks, they are all deposited or traded with high quality financial institutions without significant credit risk.

Apart from major customers disclosed in Note 5, management considered there is no significant concentration of credit risk. The Group has put in place policies to ensure that services are provided to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances.

Management reviews the recoverable amount of each individual trade receivable regularly, if any, to ensure that adequate impairment losses are recognised for irrecoverable amounts. In this regard, the management considers that the Group's credit risk is significantly reduced.

The credit quality of other receivables has been assessed with reference to historical information about the counterparties default. Management does not believe the credit risk are significant, considering the existing counterparties do not have defaults in the past and management does not expect any losses from non-performance by these counterparties.

(c) Liquidity risk

For the year ended 31 March 2017, the Group recorded a net loss attributable to the equity holders of US\$21,882,000 and had net cash inflows from operating activities of US\$5,355,000. As at the same date, the Group's current liabilities exceeded its current assets by US\$22,787,000.

As at 31 March 2017, the Group had total outstanding bank borrowings amounted to US\$33,710,000. During the year ended 31 March 2017, the relevant ratio of the Group's vessels' market value together with value of security to outstanding borrowing amount under the relevant loan agreements (the "Vessel Ratio") fell below the relevant ratio as prescribed under these loan agreements. In respect of bank borrowings for an aggregate amount of US\$22,804,000, management successfully negotiated with the relevant bank and revise the relevant Vessel Ratio requirements so that the Group was in compliance with the revised Vessel Ratio requirements as at 31 March 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (continued)**3.1 Financial risk factors (continued)****(c) Liquidity risk (continued)**

In respect of the remaining bank borrowing of approximately US\$10,906,000, the Group's Vessel Ratio for the relevant vessel fell below the prescribed Vessel Ratio requirement under the relevant loan agreement, entitling the bank to request for remedial actions by the Group. No such request had been made by the bank, and the Group had not obtained a waiver from the bank from complying with or for revising the Vessel Ratio requirement up to the date of the approval of these consolidated financial statements. 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 as may be required by the bank.

As at 31 March 2017, the Group had two convertible bonds of US\$40,265,000, which comprised convertible bonds in principal amount of US\$3,000,000 issued in September 2013 ("Ablaze Rich Convertible Bonds"); and convertible bonds in principal amount of US\$54,000,000 issued in May 2016 ("Top Build Convertible Bonds"). On the same date, the Group had loans from ultimate holding company of US\$3,023,000. Pursuant to the respective convertible bonds and loan agreements, the bondholders and lender have the right to demand for immediate repayment of the relevant principal amount of the convertible bonds and loans together with accrued interests should there be an event of defaults happened in respect of other borrowings of the Group.

The directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from 31 March 2017. The directors are of the opinion that, after taking into account the following plans 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 31 March 2017:

- (i) In respect of the bank borrowings for the aggregate amount of US\$22,804,000, the Group will continue to monitor its compliance with the revised Vessel Ratio requirements. Should the Group be unable to comply with these revised Vessel Ratio requirements, the directors plan to negotiate with the bank and will seek to further revise these Vessel Ratio requirements or obtain a waiver of compliance with the Vessel Ratio requirements from the bank.
- (ii) In respect of the bank borrowings of US\$10,906,000, so far the Group did not receive any communication from the relevant bank in relation to non-compliance of the Vessel Ratio requirements and request for remedial actions. Should the bank require any remedial actions, the directors plan to negotiate with the bank and will seek to revise the existing Vessel Ratio requirements or obtain a waiver of the compliance with the Vessel Ratio requirements from the bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

- (iii) In respect of the two convertible bonds with aggregate principal amount of US\$20,000,000 as of 31 March 2017, the 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 fifteen months from 31 March 2017. For the remaining convertible bonds with principal amount of US\$37,000,000, the directors plan to negotiate with the bondholder and will request the bondholder to issue a waiver should there be an event of default happened in respect of other borrowings of the Group.
- (iv) In respect of loans of US\$3,023,000, the lender confirmed that it does not have the intention and will not exercise its rights to demand for immediate repayment of the loan even if the events allowing such rights to demand happen in the next fifteen months from 31 March 2017.
- (v) On 31 March 2017, Ablaze Rich Investments Limited, ultimate holding company ("Ablaze Rich"), 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 and the Guarantors within fifteenth 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 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 fifteenth 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.

- (vi) As at the date of approval of the consolidated financial statements, the Group is in negotiation with the banks to restructure the bank borrowings totaling US\$19,015,000 repayable within twelve months from 31 March 2017.
- (vii) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (continued)**3.1 Financial risk factors (continued)****(c) Liquidity risk (continued)**

The table below analyses the Group's financial liabilities into relevant maturity category 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.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	US\$'000	US\$'000	US\$'000	US\$'000
At 31 March 2017				
Borrowings and loans	23,210	4,671	8,852	36,733
Interest on borrowings and loans	1,064	518	762	2,344
Derivative financial instruments	53	—	—	53
Convertible bonds and interest payable	—	3,600	54,000	57,600
Other payables and accruals	4,614	—	—	4,614
At 31 March 2016 (Restated — Note 2.1)				
Borrowings and loans	41,170	—	—	41,170
Interest on borrowings and loans	1,257	—	—	1,257
Derivative financial instruments	213	—	—	213
Convertible bonds and interest payable	—	—	3,600	3,600
Other payables and accruals	4,662	—	—	4,662

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (continued)**3.2 Capital risk management**

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debts divided by total assets. Total debts are calculated as total borrowings and convertible bonds. As at 31 March 2017, the gearing ratio is 65.7% (2016: 31.3%).

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 March 2017 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

The different levels have been defined as follows:

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

The following table presents the Group's financial liabilities that are measured at fair value as at 31 March 2017.

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Liabilities				
Derivative financial instruments — interest rate swap	—	53	—	53
Convertible bonds — derivative components	—	612	—	612
	—	665	—	665

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (continued)**3.3 Fair value estimation (continued)**

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

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

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

(a) Financial instruments in level 2

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

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

Specific valuation techniques used to value financial instruments include:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

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

The fair values of the trade receivables, other receivables, loan receivables, pledged bank deposits, cash and cash equivalents, other payables and accruals as at 31 March 2017 approximate their carrying amounts due to their short term maturities.

The fair values of the bank borrowings as at 31 March 2017 approximate their carrying amounts as they bear interest at floating rates that are market dependent.

4 Critical accounting estimates and judgements

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

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

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

(a) Current and deferred income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences would impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(b) Estimation of provision for impairment of receivables

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Critical accounting estimates and judgements (continued)**(c) Impairment of vessels**

The operation of chartering of dry bulk vessels is subject to cyclical fluctuations, which in turn affects the results of the Group. Determining whether impairment has occurred typically requires various estimates and assumptions, including determining which cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount, and the asset's residual value, if any. In turn, the measurement of an impairment loss requires a determination of recoverable amount, which is based on management's estimates with best information available. The Group derives the required cash flows estimates from historical experience and internal business plans.

Management performs review for impairment of the vessels whenever events or changes in circumstances indicate that the carrying amounts of the vessels may not be recoverable. Management assesses whether there is any indicators of potential impairment by reviewing results of operation of the vessels, considering the challenging outlook for the industry and market demand and supply etc. If impairment indicator exists, the Group tests whether the carrying value of each individual vessel has suffered any impairment in accordance with the accounting policy on impairment of non-financial assets.

Based on management's review, impairment indicator exists for dry bulk vessels of the Group and impairment assessment for these vessels has been performed as at 30 September 2016 and 31 March 2017. The recoverable amount of the vessels is determined by value-in-use calculation. The value-in-use calculations require the use of estimates on the projections of cash flows from the continuing use of these vessels (including the charter hire rates, inflation rates of operating, administrative and general expenses and utilisation rates) and adoption of discount rate. Management estimates a discount rate of 9% (2016: 8.5%) using pre-tax rates that reflect current market assessments of the time value of money and risk specific to the Group's vessels. The budgeted charter hire rates for the first and second year are determined based on market forecast and charter hire contract entered or quoted subsequent to the year-end date. The growth rates for the third to fourth year are based on a diminishing growth rate ranging from 10% to 15% per annum. Cash flows beyond fourth year have been using growth rates of 3%. Management believes the charter hire rate will increase on average in long run in view of the business cycle. The charter hire rates adopted in the cash flows forecast are below the average of past 10 years. Direct costs are based on past practices and expectations of future changes in market. Based on management assessment, an impairment losses of US\$16,000,000 for the vessels were considered necessary and recognised during the period ended 30 September 2016. As at 31 March 2017, the board of directors considered no additional provision is necessary.

Were the discount rate of 9.0% to increase by 1% from management estimate with all other variables held constant, it is estimated that no further impairment would be provided.

Were the charter hire rate to decrease by 15% from management's budget with all other variables held constant, it is estimated that further impairment of US\$2,496,000 would be provided.

Were the rate of expenses to increase by 5% from management estimate with all other variables held constant, it is estimated that further impairment of US\$2,064,000 would be provided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Critical accounting estimates and judgements (continued)

(d) Useful lives of vessels

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

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

(e) Residual values of vessels

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

With all other variables held constant, increasing the residual value by 10% from management's estimates with all other variables held constant, it is estimated that the carrying value would increase by US\$133,000 as at 31 March 2017 (2016: US\$95,000).

(f) Fair value of derivative financial instruments

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

(g) Fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in Note 14.

5 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 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 maker (i.e. executive directors) in order to allocate resources to segments and to assess their performance.

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 consolidated financial statements.

Segment assets are those operating assets that are employed by a segment in its operating activities. Segment assets exclude corporate assets, which are managed on a central basis. Segment assets reported to the directors are measured in a manner consistent with that in the consolidated financial statements. No analysis of segment liabilities is presented as it is not regularly provided to the executive director.

(a) Segment revenue, results and other information

	Chartering of vessels US\$'000	Property investment and development US\$'000	Others US\$'000	Total US\$'000
Year ended 31 March 2017				
Revenue	7,879	—	218	8,097
Segment loss	(19,990)	(623)	(534)	(21,147)
Depreciation	(3,026)	(3)	—	(3,029)
Impairment losses on property, plant and equipment	(16,000)	—	—	(16,000)
Finance costs	(1,776)	(2,763)	(24)	(4,563)
Year ended 31 March 2016 (Restated — Note 2.1)				
Revenue	8,683	—	452	9,135
Segment loss	(38,876)	(1,191)	(1,298)	(41,365)
Depreciation	(5,659)	(8)	—	(5,667)
Impairment losses on property, plant and equipment	(29,600)	—	—	(29,600)
Finance costs	(2,063)	—	(39)	(2,102)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Segment information (continued)**(b) Segment assets**

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

	Chartering of vessels	Property investment and development	Others	Total
	US\$'000	US\$'000	US\$'000	US\$'000
As at 31 March 2017				
Segment assets	55,809	61,344	121	117,274
As at 31 March 2016				
(Restated — Note 2.1)				
Segment assets	73,303	63,179	7,450	143,932

(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.

Information about major customers

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

	2017	2016
	US\$'000	US\$'000
Customer A	1,786	65
Customer B	1,665	301
Customer C	1,464	1,945
Customer D	905	194
	5,820	2,505

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Other gains/(losses) — net

	2017 US\$'000	2016 US\$'000 (Restated — Note 2.1)
Fair value gains/(losses) on:		
— Investment properties (Note 14)	2,210	(1,117)
— Convertible bonds — derivative component (Note 23)	140	(5)
— Interest rate swap	160	65
Gain on disposal of property, plant and equipment and bunker	—	154
Others	—	(8)
	2,510	(911)

7 Expenses by nature

	2017 US\$'000	2016 US\$'000 (Restated — Note 2.1)
Impairment losses on property, plant and equipment	16,000	29,600
Depreciation of property, plant and equipment (Note 13)	3,029	5,667
Crew expenses (included in cost of services)	3,136	3,317
Operating lease rental for land and buildings	367	354
Auditor's remuneration — audit services	196	171
(Reversal)/provision for trade receivables impairment (Note 16)	(8)	5
Employee benefit expense (including directors' emoluments) (Note 9)	1,200	2,056

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 Finance costs — net

	2017 US\$'000	2016 US\$'000 (Restated — Note 2.1)
Finance income		
Interest income	(1)	(3)
Finance costs		
Arrangement fee on bank borrowings	146	213
Interest expense on borrowings and loans	1,317	1,498
Interest expense on convertible bonds — non-cash	2,977	201
Interest expense on derivative financial instruments	123	190
	4,563	2,102
Finance costs — net	4,562	2,099

9 Employee benefit expense

	2017 US\$'000	2016 US\$'000 (Restated — Note 2.1)
Fee, salaries and other benefits	1,179	1,190
Share-based payments	—	844
Pension costs — defined contribution plans	21	22
	1,200	2,056

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 Employee benefit expense (continued)**Five highest paid individuals**

Of the five individuals with the highest remunerations in the Group, three (2016: three) were directors of the Company whose emoluments are reflected in analysis shown in Note 31. The emoluments of the remaining two (2016: two) individuals were as follows:

	2017	2016
	US\$'000	US\$'000
Fee, salaries and other benefits	280	280
Share-based payments	—	163
Pension costs — defined contribution plans	5	5
	285	448

The emoluments fell within the following bands:

	Number of individuals	
	2017	2016
HK\$500,000 to HK\$1,000,000 (equivalent to US\$64,103 to US\$128,205)	1	—
HK\$1,000,001 to HK\$1,500,000 (equivalent to US\$128,206 to US\$192,308)	1	1
HK\$2,000,001 to HK\$2,500,000 (equivalent to US\$256,411 to US\$320,513)	—	1

No emoluments were paid or payable to the directors and above highest paid individuals as an inducement to join the Group during the years ended 31 March 2017 and 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 Income tax expense/(credit)

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

	2017 US\$'000	2016 US\$'000 (Restated — Note 2.1)
Current income tax		
— Hong Kong profits tax	33	66
— Adjustments in respect of prior years	6	—
— Deferred income tax (Note 22)	552	(279)
Income tax expense/(credit)	591	(213)

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the primary tax rate of 16.5% (2016: 16.5%) applicable to profit/(loss) of the majority of the consolidated entities as follows:

	2017 US\$'000	2016 US\$'000 (Restated — Note 2.1)
Loss before income tax	(21,147)	(41,365)
Calculated at a taxation rate of 16.5% (2016: 16.5%)	(3,489)	(6,825)
Effect of different tax rate in other country	182	(101)
Income not subject to tax	(1,296)	(1,516)
Expenses not deductible for tax purposes	4,981	7,747
Utilisation of previously recognised tax losses	—	(8)
Under-provision of tax for prior year	6	—
Tax losses not recognised	207	490
Income tax expense/(credit)	591	(213)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 Income tax expense/(credit) (continued)

Deferred income tax assets are recognised for tax loss carry forwards to the extent that the realisation of the related tax benefit through future taxable profit is probable. The Group did not recognise deferred income tax assets in respect of losses amounting to US\$8,517,000 (2016: US\$7,333,000). Included in unused tax losses are losses of approximately US\$211,000 (2016: US\$234,000) that are expired in 1 to 5 years, while remaining tax losses of US\$8,306,000 (2016: US\$7,099,000) are without expiry date.

11 Loss per share**(a) Basic**

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

	2017	2016 (Restated — Note 2.1)
Loss attributable to owners of the Company (US\$'000)	(21,882)	(41,070)
Weighted average number of ordinary shares in issue (thousands)	916,778	896,549
Basic loss per share (US cents per share)	(2.39)	(4.58)

(b) Diluted

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

Diluted loss per share for the years ended 31 March 2017 and 2016 equal basic loss per share as the exercise of the outstanding share options and convertible bonds would be anti-dilutive.

12 Dividends

The directors do not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 Property, plant and equipment

	Vessels US\$'000	Office equipment US\$'000	Motor vehicles US\$'000	Total US\$'000
At 1 April 2015, as restated (Note 2.1)				
Cost	182,176	48	54	182,278
Accumulated depreciation	(48,887)	(41)	(42)	(48,970)
Accumulated impairment losses	(30,357)	—	—	(30,357)
Net book amount	102,932	7	12	102,951
Year ended 31 March 2016, as restated (Note 2.1)				
Opening net book amount	102,932	7	12	102,951
Additions	791	—	—	791
Depreciation charge (Note 7)	(5,655)	(6)	(6)	(5,667)
Provision for impairment losses (Note 7)	(29,600)	—	—	(29,600)
Closing net book amount	68,468	1	6	68,475
At 31 March 2016, as restated (Note 2.1)				
Cost	182,967	47	52	183,066
Accumulated depreciation	(54,542)	(46)	(46)	(54,634)
Accumulated impairment losses	(59,957)	—	—	(59,957)
Net book amount	68,468	1	6	68,475
Year ended 31 March 2017				
Opening net book amount, as restated (Note 2.1)	68,468	1	6	68,475
Additions	871	—	—	871
Depreciation charge (Note 7)	(3,026)	—	(3)	(3,029)
Provision for impairment losses (Note 7)	(16,000)	—	—	(16,000)
Closing net book amount	50,313	1	3	50,317
At 31 March 2017				
Cost	183,838	46	49	183,933
Accumulated depreciation	(57,568)	(45)	(46)	(57,659)
Accumulated impairment losses	(75,957)	—	—	(75,957)
Net book amount	50,313	1	3	50,317

Depreciation expenses of approximately US\$3,026,000 (2016: US\$5,655,000) have been charged in 'cost of services' and US\$3,000 (2016: US\$12,000) in 'general and administrative expenses' respectively.

As at 31 March 2017, the Group's vessels of US\$50,313,000 (2016: US\$68,468,000) was pledged as security for bank borrowings (Note 21).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 Property, plant and equipment (continued)

Management regards each individual vessel as a separately identifiable cash-generation unit. The Group usually entered charter hire contract for a period of 3 to 6 months period in the spot market. In the light of the continuous challenging outlook of the industry and followed by a review of business, management considered the actual growth economic performance of vessels is less than expected growth and these are impairment indicators of the vessels and carried out an impairment assessment. The recoverable amount of the vessels is determined by value-in-use, which is based on a discounted cash flows projections approved by the board of directors covering the remaining useful lives of vessels. Discount rate of 9% was adopted (2016: 8.5%).

During the period ended 30 June 2017, an impairment loss of vessels amounting to US\$16,000,000) is recognised in the statement of comprehensive income and no additional impairment loss is recognised as at 31 March 2017.

14 Investment properties

	2017 US\$'000	2016 US\$'000 (Restated — Note 2.1)
At fair value		
Opening net book amount, as restated (Note 2.1)	63,094	67,481
Capitalised subsequent expenditure	35	63
Fair value gain/(loss) (Note 6)	2,210	(1,117)
Exchange difference	(4,057)	(3,333)
Closing net book amount	61,282	63,094

The above investment properties are commercial properties under development in the Hainan province, the PRC.

As at 31 March 2017, the Group had no significant unprovided contractual obligations for future repairs and maintenance (2016: Nil).

The Group's investment properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties through use. The Group has measured the deferred tax relating to the temporary differences of these investment properties using the tax rates and the tax bases that are consistent with the expected manner of recovery of these investment properties.

The fair value measurement information for these investment properties is in accordance with HKFRS 13 based on significant unobservable inputs (level 3) as at 31 March 2017 and 2016.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 Investment properties (continued)**Valuation processes of the Group**

The Group's investment properties were valued at 31 March 2017 and 2016 by an independent professionally qualified valuer who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued.

Discussions of valuation process and result are held between the chief financial officer and the valuer at least once every six months, in line with the Group's interim and annual reporting dates. As at 31 March 2017 and 2016, the fair values of the properties have been determined by Hong Kong Appraisal Advisory Limited.

Valuation techniques

Fair values of investment properties of the Group are generally derived using the direct comparison method. Given the unique nature and lack of recent transaction of certain properties, significant adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration. The significant unobservable include:

Time adjustment:	Based on market trend of similar property between the transaction date of the comparable and the valuation date.
Location adjustment	Based on the distant to the city centre, the development of the transport network and other community facility service.
Land use right adjustment:	Based on the diversity of the land use of the property.
Size adjustment:	Based on the size of the property.

Description	Fair value at 31 March 2017 US\$'000	Valuation technique	Unobservable inputs	Range of unobservable input	Relationship of unobservable inputs to fair value
Investment properties	61,282	Direct comparison method	Time adjustment	0% to 28%	The upward of market trend will have positive impact on adjustment and thus increase in fair value.
			Location adjustment	-20% to 10%	The location of higher accommodation value will have larger positive impact on adjustment, thus increase in fair value.
			Land use right adjustment	-5% to 5%	The designated use of the property of higher accommodation value will have larger positive impact on adjustment, thus increase in fair value.
			Size adjustment	-5% to 5%	The increase in area will have negative impact on adjustment, thus decrease in fair value.

There were no changes in valuation methodologies during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 Subsidiaries

The following is a list of principal subsidiaries as at 31 March 2017:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Interest held by the Company		Interest held by the non-controlling interest
				Directly	Indirectly	
Bryance Group Limited	British Virgin Islands	Provision of marine transportation services	10,000 ordinary shares of US\$1 each	100%	—	—
Joy Ocean Shipping Limited	British Virgin Islands	Provision of marine transportation services	10,000 ordinary shares of US\$1 each	100%	—	—
Way Ocean Shipping Limited	British Virgin Islands	Provision of marine transportation services	10,000 ordinary shares of US\$1 each	100%	—	—
Union Apex Mega Shipping Limited	Hong Kong	Provision of agency services	50,000 ordinary shares of HK\$1 each	100%	—	—
United Edge Holdings Limited	British Virgin Islands	Provision of marine transportation services	10,000 ordinary shares of US\$1 each	100%	—	—
Well Century International Limited	Hong Kong	Money lending in Hong Kong	10,000 ordinary shares of HK\$1 each	—	100%	—
海南華儲實業有限公司	PRC, limited liability company	Property investment and development in the PRC	Registered capital of Renminbi 4,800,000	—	91%	9%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 Trade and other receivables and loan receivables

	2017 US\$'000	2016 US\$'000 (Restated — Note 2.1)
Trade receivables	1,646	600
Less: Provision for impairment of trade receivables	(8)	(16)
Trade receivables, net	1,638	584
Prepayments and deposits	690	729
Other receivables	42	54
Other receivables from related companies (Note 28)	8	8
	2,378	1,375
Loan receivables	—	6,795

The carrying amounts of trade and other receivables approximate their fair values. Trade and other receivables and loan receivables are mainly denominated in US dollar and HK dollar respectively.

Time charter income is prepaid in advance for 15 days of the time charter hire.

It is industry practice that 95% to 100% of freight is paid upon completion of loading and/or releasing bill of lading, with any balance paid within 7 days after completion of discharge and the finalisation of port disbursements, demurrage claims or other voyage-related charges.

As at 31 March 2017 and 2016, the ageing analysis of the trade receivables based on invoice date were as follows:

	2017 US\$'000	2016 US\$'000 (Restated — Note 2.1)
0–30 days	1,258	535
31–60 days	336	3
61–365 days	20	44
Over 365 days	32	18
	1,646	600

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 Trade and other receivables and loan receivables (continued)

As at 31 March 2017, trade receivables of US\$1,638,000 (2016: US\$584,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The past due ageing analysis of these trade receivables is as follows:

	2017 US\$'000	2016 US\$'000 (Restated — Note 2.1)
1–30 days	1,258	535
31–60 days	336	3
61–365 days	20	44
Over 365 days	24	2
	1,638	584

As at 31 March 2017, trade receivables of US\$8,000 (2016: US\$16,000) were impaired. For the years ended 31 March 2017 and 2016, no provision was written off as uncollectible.

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

	2017 US\$'000	2016 US\$'000 (Restated — Note 2.1)
At 1 April	16	11
Provision for receivables impairment	—	7
Reversal	(8)	(2)
At 31 March	8	16

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 Cash and bank balances

	2017 US\$'000	2016 US\$'000 (Restated — Note 2.1)
Current		
Pledged bank deposits	2,531	1,563
Cash at bank and on hand	266	880
	2,797	2,443
Non-current		
Pledged bank deposits	500	1,750
Cash and bank balances	3,297	4,193
Cash and cash equivalents	266	880

The cash and cash equivalents of US\$266,000 (2016: US\$880,000) is included for the purpose of the consolidated statement of cash flows. The carrying values of the cash and bank balances approximates their fair values.

As at 31 March 2017, the Group's bank deposits of US\$3,031,000 (2016: US\$3,313,000) were pledged as security for bank borrowings of the Group. Among the pledged bank deposits, US\$2,531,000 (2016: US\$1,563,000) are of restricted use for daily operation subjected to the approval from banks. In case of default under the loan agreements, the banks have the right to seize the pledged bank deposits.

The interest rates for current bank deposits was 0.20% (2016: 0.22% to 0.25%) per annum.

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

	2017 US\$'000	2016 US\$'000 (Restated — Note 2.1)
US dollar	3,146	3,600
HK dollar	147	580
Australian dollar	2	2
Renminbi	2	11
	3,297	4,193

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 Share capital

	2017		2016	
	Number of shares (thousands)	Amount HK\$'000	Number of shares (thousands)	Amount HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	2,000,000	20,000	2,000,000	20,000

Ordinary shares, issued and fully paid:

	Number of shares (thousands)	Share capital US\$'000
At 1 April 2015	830,000	1,064
Issue of shares	83,000	106
Exercise of share options (Note 19(ii))	3,050	4
At 1 April 2016	916,050	1,174
Exercise of share options (Note 19(ii))	1,260	2
At 31 March 2017	917,310	1,176

19 Share option scheme

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 Share option scheme (continued)

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

Date of grant	Exercise price HK\$	Expiry date	Number of option (thousands)	
			2017	2016
21 October 2011	1.15	20 October 2021	16,300	17,000
30 April 2015	1.20	29 April 2025	11,190	11,750
Total share options			27,490	28,750

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

	2017		2016	
	Weighted average exercise price in HK\$ per share option	Number of options (thousands)	Weighted average exercise price in HK\$ per share option	Number of options (thousands)
At 1 April	1.17	28,750	1.15	17,700
Granted	—	—	1.20	14,100
Exercised	1.17	(1,260)	1.19	(3,050)
At 31 March	1.17	27,490	1.17	28,750

The outstanding options were vested and exercisable. Options exercised during the year ended 31 March 2017 resulted in 1,260,000 shares (2016: 3,050,000 shares) being issued at a weighted average exercise price of HK\$1.17 (2016: HK\$1.19) per share with exercise proceeds of US\$189,000 (2016: US\$465,000). The related weighted average share price at time of exercise during the year was HK\$1.38 (2016: HK\$1.91) per share.

20 Reserves

(a) Merger reserve

The merger reserve of the Group was created as a result of: (a) acquisition of the Top Build Group Ltd under common control in 2016; and (b) the difference between the aggregate nominal value of the share capital of the subsidiaries acquired pursuant to a corporate reorganisation, which was completed on 13 September 2010, in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited, over the nominal value of the share capital of the Company issued in exchange thereof.

(b) Other reserves

Other reserves represent capitalisation of amounts due to directors, who are the ultimate controlling shareholders of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 Borrowings

	2017 US\$'000	2016 US\$'000
Non-current		
— Bank borrowing (Note i)	11,523	—
— Loan from ultimate holding company (Note ii)	2,012	—
	13,535	—
Current		
— Bank borrowing (Note i)	22,187	41,170
— Loan from ultimate holding Company (Note ii)	1,011	—
	23,198	41,170
Total	36,733	41,170

Notes:

- (i) The bank borrowings bear interest at floating rates that are market dependent. The carrying amounts of the Group's bank borrowings are denominated in US dollar. The fair value of the bank borrowings approximate their carrying amounts.
- (ii) The loan is unsecured in nature and bears interest at 4% per annum. The carrying amount of the Group's loan from ultimate holding company is denominated in US dollar. The fair value approximates its carrying amount.

As at 31 March 2017, the Group had total outstanding bank borrowings amounted to US\$33,710,000. During the year ended 31 March 2017, the relevant ratio of the Group's vessels' market value together with value of security to outstanding borrowing amount under the relevant loan agreements (the "Vessel Ratio") fell below the relevant ratio as prescribed under these loan agreements. In respect of bank borrowings for an aggregate amount of US\$22,804,000, management successfully negotiated with the relevant bank and revise the relevant Vessel Ratio requirements so that the Group was in compliance with the revised Vessel Ratio requirements as at 31 March 2017.

In respect of the remaining bank borrowing of approximately US\$10,906,000, the Group's Vessel Ratio for the relevant vessel fell below the prescribed Vessel Ratio requirement under the relevant loan agreement, entitling the bank to request for remedial actions by the Group. No such request had been made by the bank, and the Group had not obtained a waiver from the bank from complying with or for revising the Vessel Ratio requirement up to the date of the approval of these consolidated financial statements. 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 as may be required by the bank.

As at 31 March 2017, the Group's property, plant and equipment of US\$50,313,000 (2016: US\$68,468,000) was pledged as security for bank borrowings of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 Borrowings (continued)

The Group's borrowings were repayable as follows:

	Loans from ultimate holding company		Bank borrowings	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Within 1 year	1,011	—	22,187	41,170
Between 1 and 2 years	2,012	—	2,670	—
Between 2 and 5 years	—	—	8,853	—
	3,023	—	33,710	41,170

22 Deferred income tax

	2017 US\$'000	2016 US\$'000 (Restated — Note 2.1)
Deferred income tax liabilities to be recovered after more than 12 months	14,710	15,131

The movement in deferred income tax liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Fair value gains US\$'000
At 1 April 2015, as restated (Note 2.1)	16,210
Credited to profit or loss	(279)
Exchange difference	(800)
At 31 March 2016, as restated (Note 2.1)	15,131
Charged to profit or loss	552
Exchange difference	(973)
At 31 March 2017	14,710

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 Convertible bonds

	2017 US\$'000	2016 US\$'000
Ablaze Rich Convertible Bonds	3,884	3,810
Top Build Convertible Bonds	36,381	—
	40,265	3,810

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

	Liability component US\$'000	Derivative component US\$'000	Total US\$'000
As at 1 April 2015	2,857	747	3,604
Interest expenses (Note 8)	201	—	201
Fair value loss (Note 6)	—	5	5
At 31 March 2016	3,058	752	3,810
As at 1 April 2016	3,058	752	3,810
Issue of convertible bonds (Note)	33,618	—	33,618
Interest expenses (Note 8)	2,977	—	2,977
Fair value gain (Note 6)	—	(140)	(140)
At 31 March 2017	39,653	612	40,265

The fair value of the liability component of the convertible bonds of principal amount of US\$3,000,000 and US\$54,000,000 as at 31 March 2017 amounted to US\$3,253,000 and US\$39,550,000 respectively. The fair value is determined by using the Binomial Option Pricing Model based on bond yield of 7.4% and 7.9%, respectively. Major inputs to the model included the valuation of share of the Company, expected volatility and risk free rate. The convertible bonds are within level 2 of the fair value hierarchy.

The fair values of the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 Convertible bonds (continued)

Note:

On 10 May 2016, the Group issued a convertible bond with principal amount of US\$54,000,000 ("Top Build Convertible Bonds") and will be due on 9 May 2021. The Top Build Convertible Bonds 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 Top Build 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 Top Build Convertible Bonds for the year 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	2,763	—	2,763
At 31 March 2017	36,381	38,954	75,335

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 Other payables and accruals

	2017 US\$'000	2016 US\$'000 (Restated — Note 2.1)
Other payables and accruals	1,202	1,063
Receipt in advance from charterers	97	118
Other payables to related companies	3,412	3,599
	4,711	4,780

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

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

	2017 US\$'000	2016 US\$'000 (Restated — Note 2.1)
Renminbi	3,485	3,633
US dollar	965	871
HK dollar	261	276
	4,711	4,780

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 Derivative financial instruments

	2017	2016
	US\$'000	US\$'000
Interest rate swap	53	213

The total notional principal amount of the outstanding interest rate swap as at 31 March 2017 was US\$10,900,000 (2016: US\$12,000,000).

26 Notes to consolidated statement of cash flows**(a) Cash generated/(used in) from operations**

	2017	2016
	US\$'000	US\$'000
		(Restated — Note 2.1)
Loss before income tax	(21,147)	(41,365)
Adjustments for:		
— Finance costs	4,563	2,102
— Finance income	(1)	(3)
— Depreciation on property, plant and equipment	3,029	5,667
— Share-based payments	—	844
— Fair value changes in convertible bonds		
— derivative components	(140)	5
— Fair value changes in interest rate swap	(160)	(65)
— Fair value change in investment properties	(2,210)	1,117
— Impairment losses on property, plant and equipment	16,000	29,600
— Gain on disposal of property, plant and equipment and bunker	—	(154)
— Others	—	8
	(66)	(2,244)
Changes in working capital:		
— Trade and other receivables	(1,003)	1,466
— Loan receivables	6,795	(6,795)
— Other payables and accruals	(371)	(1,623)
Cash generated from/(used in) operations	5,355	(9,196)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 Notes to consolidated statement of cash flows (continued)

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

	2017 US\$'000	2016 US\$'000
Net book amount	—	348
Gain on disposal of property, plant and equipment and bunker	—	154
Proceeds from disposal of property, plant and equipment and bunker	—	502

27 Commitments**(a) Capital commitments**

At 31 March 2017, capital expenditure contracted for but not yet incurred is as follows:

	2017 US\$'000	2016 US\$'000 (Restated — Note 2.1)
Investment properties	—	2,620

(b) Operating lease commitments — as lessee

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

	2017 US\$'000	2016 US\$'000
Office premise		
Not later than one year	366	366
Later than 1 year and no later than 5 years	9	342
	375	708

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 Commitments (continued)**(c) Operating lease commitments — as lessor**

At 31 March 2017, 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:

	2017 US\$'000	2016 US\$'000
Vessels		
Not later than one year	2,118	1,145

28 Related party transactions

The ultimate 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 parties of Ablaze Rich are Mr. Yan Kim Po and Ms. Lam Kwan which are also the directors of the Company.

(a) Significant transactions with related parties

The Group had the following significant transactions with its related companies for the year ended 31 March 2017.

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:

	2017 US\$'000	2016 US\$'000
Interests on Ablaze Rich Convertible Bonds to ultimate holding company	214	201
Interests on Top Build Convertible Bonds to ultimate controlling parties (Note (ii))	870	—
Interests on loan from ultimate holding company	23	39
Rental expenses paid to Toprich (Asia) Limited (Note (i))	334	334
Acquisition of a subsidiary	—	10

Notes:

- (i) Toprich (Asia) Limited is ultimately wholly-owned by the ultimate controlling parties of Ablaze Rich.
- (ii) On 10 May 2016, the Group completed the acquisition for the entire equity interests of Top Build, from Mr. Yan Kim Po, Ms. Lam Kwan and Mr. Yin Hai, by issuing zero-coupon convertible bonds in the principal amount of US\$54,000,000 (Note 29). Mr. Yin Hai is the brother of Mr. Yan Kim Po, director of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 Related party transactions (continued)**(a) Significant transactions with related parties (continued)**

Notes: (continued)

- (iii) On 31 March 2017, 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 and the Guarantors within fifteenth months of the date of the deed. The total amount of funding undertakings shall not exceed US\$30,000,000.

(b) Balances with related parties

As at 31 March 2017, the Group had the following significant balances with its related companies.

	2017 US\$'000	2016 US\$'000 (Restated — Note 2.1)
Ablaze Rich Convertible Bonds issued to ultimate holding company (Note (i))	3,884	3,810
Top Build Convertible Bonds issued to ultimate controlling parties (Note (ii))	11,453	—
Loans from ultimate holding company	3,023	—
Other receivables from related companies controlled by ultimate controlling parties	8	8
Others payables to a related company controlled by ultimate controlling parties	(18)	(15)
Others payables to related companies which are ultimately controlled by Mr. Yin Hai	(3,394)	(3,584)

Notes:

- (i) The principal amount of Ablaze Rich Convertible Bonds was US\$3,000,000.
- (ii) The principal amount of Top Build Convertible Bonds was US\$17,000,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 Related party transactions (continued)**(c) Transactions with key management personnel**

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

	2017	2016
	US\$'000	US\$'000
Salaries and other short-term employee benefits	903	903
Pension costs — defined contribution plans	12	12
Share option granted to directors and employees	—	460
	915	1,375

29 Business combinations under common control

On 10 May 2016, the Group completed the acquisition for the entire equity interests of Top Build, from Mr. Yan Kim Po, Ms. Lam Kwan and Mr. Yin Hai (collectively referred as "Vendors"), by issuing Top Build Convertible Bonds to the vendors, pursuant to the sales 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 Top Build Convertible Bonds are convertible into ordinary 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 Top Build 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 subsidiaries of Top Build on 10 May 2016 are as follows:

- Great Harvest Landmark Investment Company Limited
- Great Harvest Realty Investment Company Limited
- 海南華儲實業有限公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 Business combinations under common control (continued)

	The Group (Note (i)) US\$'000	Top Build Group US\$'000	Note	Adjustments US\$'000	Total US\$'000
Year ended 31 March 2017					
Revenue	8,097	—		—	8,097
(Loss)/profit before income tax	(23,287)	2,140		—	(21,147)
Income tax expense	(39)	(552)		—	(591)
(Loss)/profit for the year	(23,326)	1,588		—	(21,738)
As at 31 March 2017					
ASSETS					
Non-current assets	123,385	61,286	(ii)	(72,572)	112,099
Current assets	5,118	58	(iii)	(1)	5,175
Total assets	128,503	61,344		(72,573)	117,274
EQUITY					
Capital and reserves					
Share capital	1,176	20	(ii)	(20)	1,176
Share premium	45,922	8,213	(ii)	(8,213)	45,922
Convertible bonds	38,954	—		—	38,954
Share option reserve	1,636	—		—	1,636
Merger reserve	46	—	(ii)	(63,854)	(63,808)
Other reserve	13,636	—		—	13,636
Exchange reserve	—	(4,397)		—	(4,397)
(Accumulated losses)/retained profit	(51,129)	35,414	(ii)	(485)	(16,200)
	50,241	39,250		(72,572)	16,919
Non-controlling interest	—	3,883		—	3,883
Total equity	50,241	43,133		(72,572)	20,802
Liabilities					
Non-current liabilities	53,800	14,710		—	68,510
Current liabilities	24,462	3,501	(iii)	(1)	27,962
Total liabilities	78,262	18,211		(1)	96,472
Total equity and liabilities	128,503	61,344		(72,573)	117,274
Net assets	50,241	43,133	(ii)	(72,572)	20,802

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 Business combinations under common control (continued)

	As previously reported US\$'000	Top Build Group US\$'000	Note	Adjustments US\$'000	Total US\$'000 (Restated — Note 2.1)
Year ended 31 March 2016					
Revenue	9,135	—		—	9,135
Loss before income tax	(40,174)	(1,191)		—	(41,365)
Income tax (expense)/credit	(66)	279		—	213
Loss for the year	(40,240)	(912)		—	(41,152)
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	(ii)	(20)	1,174
Share premium	45,665	8,213	(ii)	(8,213)	45,665
Share option reserve	1,706	—		—	1,706
Merger reserve	46	—	(ii)	8,718	8,764
Other reserve	13,636	—		—	13,636
Exchange reserve	—	(1,795)		—	(1,795)
(Accumulated losses)/retained profit	(27,800)	33,967	(ii)	(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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 Business combinations under common control (continued)

Notes:

- (i) The Group included issue of Top Build 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 investment cost, share capital of the Top Build against reserves.
- (iii) Adjustments to eliminate the inter-group balances as 31 March 2017.

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.

30 Statement of financial position and reserve movement of the Company

	2017 US\$'000	2016 US\$'000
ASSETS		
Non-current assets		
Investments in subsidiaries (Note (i))	85,478	43,902
Current assets		
Amounts due from subsidiaries (Note (i))	14,591	15,610
Trade and other receivables	82	115
Cash and cash equivalents	31	1
	14,704	15,726
Total assets	100,182	59,628
EQUITY		
Equity attributable to owners of the Company		
Share capital	1,176	1,174
Reserves (Note (ii))	50,024	48,851
Total equity	51,200	50,025

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 Statement of financial position and reserve movement of the Company (continued)

	2017 US\$'000	2016 US\$'000
LIABILITIES		
Non-current liabilities		
Loans	2,012	—
Convertible bonds	40,265	3,810
	42,277	3,810
Current liabilities		
Loans	1,011	—
Amounts due to subsidiaries	5,694	5,723
Other payables and accruals	—	70
	6,705	5,793
Total liabilities	48,982	9,603
Total equity and liabilities	100,182	59,628

The statement of financial position was approved by the Board of Directors on 23 June 2017 and was signed on its behalf.

Yan Kim Po
Director

Lam Kwan
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 Statement of financial position and reserve movement of the Company (continued)

Notes:

(i) For the year ended 31 March 2017, US\$30,996,000 and US\$3,313,000 were recognised for the impairment provision of investment in subsidiaries and the amounts due from subsidiaries, respectively.

(ii) Reserves

	Share premium	Convertible bonds	Share option reserve	Other reserve	Accumulated losses	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 April 2015	25,120	—	1,043	77,443	(48,180)	55,426
Loss for the year	—	—	—	—	(27,783)	(27,783)
Share -based compensation benefits	—	—	844	—	—	844
Proceeds from shares issued upon exercise of share options	642	—	(181)	—	—	461
Issue of ordinary shares	19,903	—	—	—	—	19,903
At 31 March 2016	45,665	—	1,706	77,443	(75,963)	48,851
Loss for the year	—	—	—	—	(37,968)	(37,968)
Issue of convertible bonds (Note 23)	—	38,954	—	—	—	38,954
Proceeds from shares issued upon exercise of share options	257	—	(70)	—	—	187
At 31 March 2017	45,922	38,954	1,636	77,443	(113,931)	50,024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the year ended 31 March 2017 is set out below:

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

Name	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking							Total
	Fees	Salaries	Discretionary bonuses	Housing allowance	Estimated money value of other benefits	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<u>Executive directors:</u>								
Mr. Yan Kim Po	—	250	—	—	—	2	—	252
Ms. Lam Kwan (Note i)	—	208	—	—	—	2	—	210
Mr. Cao Jiancheng	—	165	—	—	—	2	—	167
<u>Independent non-executive directors:</u>								
Mr. Cheung Kwan Hung	19	—	—	—	—	—	—	19
Mr. Chan Chung Bun, Bunny	19	—	—	—	—	—	—	19
Mr. Wai Kwok Hung	13	—	—	—	—	—	—	13
	51	623	—	—	—	6	—	680

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

None of the directors waived any emoluments during the years ended 31 March 2017 and 2016.

Note:

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

(b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits in respect of their services to the Company and its subsidiaries for the year (2016: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 Benefits and interests of directors (disclosure required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and Hong Kong listing rules) (continued)**(c) Consideration provided to third parties for making available directors' services**

During the year, the Company has not paid any consideration to any third parties for making available directors' services to the Company (2016: Nil).

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

There were no loans, quasi-loans and other dealings entered into by the Company or subsidiary undertaking of the Company, where applicable, in favour of the directors, or body corporate controlled by or entities connected with any of the directors at the end of the year or at any time during the year (2016: Nil).

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

Except for the disclosure in Note 28, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, when directly or indirectly, subsisted at the end of the year or at any time during the year.