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

2017
INTERIM REPORT

CONTENTS

GLOSSARY

"Ablaze Rich"	Ablaze Rich Investments Limited (耀豐投資有限公司), a company incorporated in the BVI on 1 July 2008 and the holding company of the Company
"Acquisition"	the acquisition of the entire issued share capital of Top Build by the Company from Mr. Yan, Ms. Lam and Mr. Yin Hai pursuant to the Sale and Purchase Agreement
"Audit Committee"	the audit committee of the Board
"Baltic Dry Index"	an index of the daily average of international shipping prices of various dry bulk cargoes made up of 20 key dry bulk routes published by the Baltic Exchange in London
"Baltic Panamax Index"	an index of shipping prices of panamax vessels made up of four daily panamax vessel assessments of time charter rates published by the Baltic Exchange in London
"Board"	the board of Directors
"Bryance Group"	Bryance Group Limited, a company incorporated in the BVI on 28 September 2006 and a wholly-owned subsidiary of the Company
"BVI"	the British Virgin Islands
"CG Code"	Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules
"Company"	Great Harvest Maeta Group Holdings Limited (榮豐聯合控股有限公司), an exempted company incorporated in the Cayman Islands on 21 April 2010 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with limited liability
"Conversion Share(s)"	the Share(s) to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds
"Convertible Bonds"	the First Convertible Bonds and, where appropriate, the Second Convertible Bonds
"Daily TCE"	an acronym for daily time charter equivalent, a standard industry measurement of the average daily revenue performance of a vessel. Daily TCE is calculated by dividing the voyage revenues (net of expenses such as port, canal and bunker costs) by the available days (being the number of days that the vessel was operated by the Group during the charter period minus days without charter hire due to repair and maintenance and between two charter periods and days agreed with the charterers due to speed claims or any other reasonable claims arising from the under-performance of the vessel) for the relevant time period
"Director(s)"	director(s) of the Company
"dwt"	an acronym for deadweight tonnage, a measure expressed in metric tons or long tons of a ship's carrying capacity, including cargoes, bunker, fresh water, crew and provisions
"EBITDA"	earnings before finance costs, tax, depreciation, amortization and impairment loss on property, plant and equipment
"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
"First Facility"	a loan facility agreement entered into between the Company and Ablaze Rich on 28 April 2015 in the total amount of US$2,000,000
"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 FORTUNE, GH GLORY AND GH HARMONY Loan"	a term loan for the aggregate principal amount of US$20 million for refinancing the GH FORTUNE/GH PROSPERITY Loan, GH GLORY Loan and the GH HARMONY Loan. Such term loan shall be repaid by 20 consecutive quarterly instalments, commencing on the date three months after 24 November 2017
"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
"Lands"	two parcels of land located at Meidian Slope, Hongqi Town, Qiongshan District, Haikou, Hainan Province, the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market operated by the Stock Exchange, which excludes Growth Enterprise Market of the Stock Exchange and the options market

Glossary

"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 interim report only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Prosperity Plus"	Prosperity Plus Enterprises Limited, a company incorporated in the BVI on 21 March 2011 and a wholly-owned subsidiary of the Company
"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
"Second Facility"	a loan facility agreement entered into between the Company and Ablaze Rich on 19 January 2017 in the total amount of US$3,000,000
"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$54,000,000 as at 30 September 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

Glossary

"Subscription Agreement"	the agreement dated 5 July 2013 and entered into between the Company and Ablaze Rich in respect of the Subscription
"Third Facility"	a loan facility agreement entered into between the Company and Ablaze Rich on 12 April 2017 in the total amount of US$3,000,000
"Top Build"	Top Build Group Ltd. (高建集團有限公司), a company incorporated in the BVI on 24 October 2014 and a wholly-owned subsidiary of the Company
"Top Build Convertible Bonds"	the convertible bonds in the total principal amount of US$54,000,000 due 2021 issued by the Company to Mr. Yan, Ms. Lam and Mr. Yin Hai pursuant to the terms and conditions of the Sale and Purchase Agreement
"Top Build Group"	Top Build Group Ltd. and its subsidiaries
"Union Apex"	Union Apex Mega Shipping Limited (聯合佳成船務有限公司), a company incorporated in Hong Kong on 2 December 2009 and a wholly-owned subsidiary of the Company
"United Edge"	United Edge Holdings Limited, a company incorporated in the BVI on 18 April 2013 and a wholly-owned subsidiary of the Company
"US"	the United States of America
"US$" and "US cents"	US dollars and cents, respectively, the lawful currency of the US
"Way Ocean"	Way Ocean Shipping Limited, a company incorporated in the BVI on 8 October 2010 and a wholly-owned subsidiary of the Company

CORPORATE INFORMATION

Board of Directors

Executive Directors

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

Independent non-executive Directors

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Company secretary

Mr. CHAN Wai Shing (陳偉盛)
Certified Public Accountant

Authorised representatives

Mr. CAO Jiancheng (曹建成)
Mr. CHAN Wai Shing (陳偉盛)
Ms. LAM Kwan (林群)
(alternate to the authorised representatives)

Registered office

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

Headquarters and principal place of business in Hong Kong

12th Floor
200 Gloucester Road
Wanchai
Hong Kong

Principal share registrar and transfer office in the Cayman Islands

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

Hong Kong share registrar and transfer office

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

Auditor

PricewaterhouseCoopers

Legal adviser as to Hong Kong law

Chiu & Partners

Principal bankers

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

Stock code

3683

Website address

www.greatharvestmg.com

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.

FINANCIAL HIGHLIGHTS

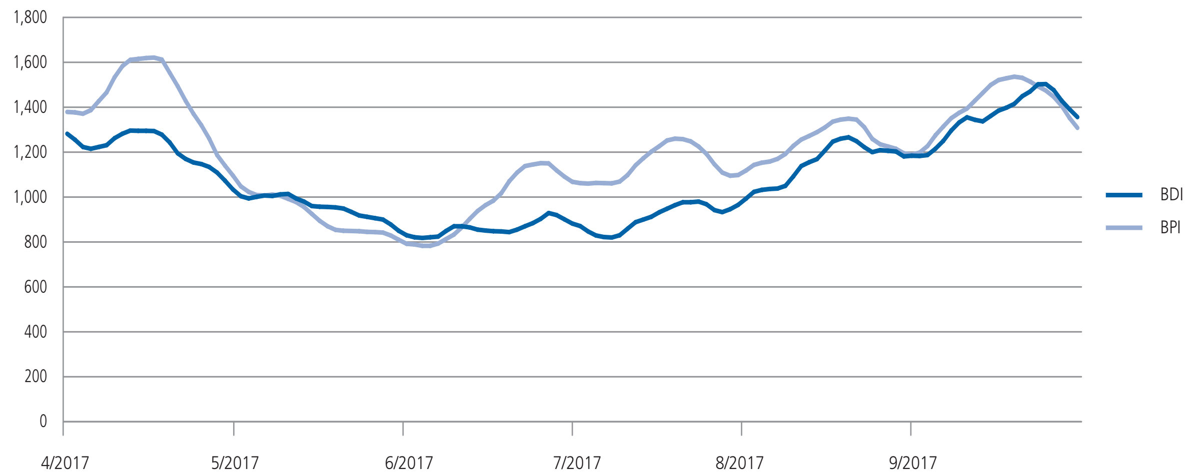
	Six months ended 30 September (Unaudited)	
	2017	2016
	US$'000	US$'000
Revenue	**6,252**	3,816
Gross profit/(loss)	**1,433**	(991)
Total comprehensive loss attributable to owners of the Company	**(178)**	(21,508)
EBITDA	**2,272**	(44)
Loss per share attributable to owners of the Company (US$ Cents)	**(0.21 cents)**	(2.19 cents)

	(Unaudited)	**(Audited)**
	30 September	31 March
	2017	2017
	US$'000	US$'000
Total assets	**121,604**	117,274
Total liabilities	**(99,973)**	(96,472)
Net assets	**21,631**	20,802

MANAGEMENT DISCUSSION AND ANALYSIS

Market review

Daily Variation Chart of Baltic Dry Index (BDI) and Baltic Panamax Index (BPI) 1 April 2017–30 September 2017



BDI half-year-high at 1,503 in September 2017, half-year-low at 818 in June 2017, half-year-average at 1,038
BPI half-year-high at 1,621 in April 2017, half-year-low at 783 in June 2017, half-year-average at 1,154

Being prompted by the increase of the seasonal demand for marine transportation of bulk grains in South America early in the year, the spot freight rate of panamax vessels in dry bulk marine transportation market of 2017 revealed a trend of hike, while that of other types of vessels increased as well, as compared to that of last year. The average Baltic Dry Index for panamax vessels was 1,154 points during the period from 1 April 2017 to 30 September 2017, rising by 488 points, an approximation of 73%, as compared to 666 points of the corresponding period of 2016. The corresponding average daily charter rate was US$9,263, which represented an increase of US$3,937 as compared to US$5,326 of average daily charter rate for the same period in 2016. Marching into the summer trough, the spot freight rate has been adjusted and fluctuated, yet, the average daily charter rate of the year-low remains a US$6,281 daily, reflected a higher average point as compared to that of last year's. This resulted in a larger growth in the daily income the vessels generated. The vessels rental transactions resumed their operations, though the transactions did not return to a huge amount. The cargo owners and charters however started to request for vessels rental with longer term in an effort to balance the risks of and pressure from cargo transportation. The demand provides the vessels' owners with another business choice that they might set the rental for one year or above. Taking the panamax vessels as the example, the current charter rate for a relatively new vessel in a one-year term can reach an average daily charter rate of US$12,000 or above. The market prediction and statistics from vessel broker companies expect the adjusted demand of dry bulk marine transportation can reach a growth of approximately 4% this year, as compared to the growth of fleet size of approximately 2.5%. The oversupply of vessels will soon be alleviated which is also the main factor for the better performance of this year's spot freight rate.

Given the slow global economic growth, the favourable factor in the spot freight market is that China's import volume of dry bulk cargoes has maintained its substantial actual growth as compared to last year, of which the market predicts its import volume of iron ore and coal this year will continue to exceed 1 billion and 0.25 billion tons, representing an annual growth of approximately 7% and 9%, respectively. Besides, the import volume of iron ore, coal, soybean and grains remained on upward trends, which made significant contribution to the stability of dry bulk marine transportation market, as well as the stability and rebound of the spot freight rate. With 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 panamax vessels increased by approximately 50% as compared to that of last year, with even larger increase in old vessels. We hope 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

For the six months ended 30 September 2017, the Group's vessels were under sound operation. Currently, the fleet size of the Group 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 99.53% during this period. The average daily charter rate of the vessels was approximately US$8,762, representing an increase of US$3,815 as compared to the corresponding period last year, with a growth rate of approximately 77%, which is basically in line with the market index level of same type of vessel. 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 strove to minimise voyage expenses, the management expenses of vessels are also basically within budget.

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

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 in the South America, as well as the import volume of iron ore and coal in China. During the low season of freight market in summer, the spot freight rate remained higher than that of last year, thus it is expected that both the spot freight rate and average daily income of vessels this year will be higher than those of last year, and we hope that such rebound will last for a longer period. Although there will be some adjustments to the oversupply condition in the vessel market, such condition will remain unchanged. The growth of dry bulk fleet is still going to expand by approximately 2.5%, while the growth in dry bulk marine transportation is predicted to be a merely 4% 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 with such excess supply of vessels. The adjusted forecast from The International Monetary Fund (IMF) on the global economic growth and the international trade volume in 2017 are 3.6% and 4.2%, respectively, which are both higher than those of the forecast last year. We hope that the growth of demand for marine transportation can be further pushed forward by the recovery of economic and trade environment. Given the slow global economic growth, the ability to maintain a stable growth in the demand of dry bulk marine transportation is important to the operation of shipping market and to the change in the oversupply of vessel. The import volume of bulk cargo from China is in the rising trend, which in turn to be the main contributor of the growth in the demand of marine transportation this year. 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. The market expects that there will be a further increase in the spot freight rate of various types of dry bulk vessel during the second half of 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.

According to statistics and forecast 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 9%, respectively, which is expected to support the stability and growth of the spot freight rate this year. Meanwhile there will be a double digit increase in the volume of imported dry bulk food in China, which provide a better support to the marine transportation demand for panamax vessels.

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

On 10 May 2016, Top Build indirectly through its subsidiaries holds 91% interest in a company in the PRC which holds the Lands located at Haikou. The Haikou local government subsequently rearranged its plans on the surroundings and ancillary facilities of the Lands held by the Group in Haikou. After the Chinese Lunar New Year of 2017, the land premium and prices of real estates in Haikou rocket along the domestic residential needs. To capture the opportunity prompted by the residential needs in Haikou, the Group seeks the possibility to redevelop the project into "cultural and tourism real estate" project to construct villas, loft apartment, low density villas, retail, car parking and other ancillary facilities with approximately 130,000 square meters. As the Haikou local government has finalized its plans at the second half of 2017, the project is currently under the procedure of construction application.

Financial review

Revenue

Benefit from the recent marine transportation market growth, revenue of the Group increased from about US$3.8 million for the six months ended 30 September 2016 to about US$6.3 million for the six months ended 30 September 2017, representing an increase of about US$2.5 million, or about 63.8%. It comprised chartering income of approximately US$6.3 million (constituted approximately 100% of the revenue of the Group, for the period ended 30 September 2016: approximately US$3.6 million) and there is no interest income from money lending business for the six months ended 30 September 2017 (for the period ended 30 September 2016: approximately US$0.2 million). The average Daily TCE of the Group's fleet increased from approximately US$5,000 for the six months ended 30 September 2016 to approximately US$8,800 for the six months ended 30 September 2017.

Cost of services

Cost of services of the Group was maintained stable at about US$4.8 million for the six months ended 30 September 2017 (about US$4.8 million for the six months ended 30 September 2016). The cost of services was mainly affected by (i) the decrease in depreciation expenses as there was no provision for impairment losses recognized for the six months ended 30 September 2017 (about US$16 million for the six months ended 30 September 2016); and (ii) the increase in bunker cost due to mark to market gain of bunker inventory at delivery of vessels to charterers arisen from slight recovery in bunker market price recorded for the six months ended 30 September 2016.

Gross profit/loss

With the increase in revenue and the stringent control over operating costs and expenses, the Group has turned around from gross loss of about US$1.0 million for the six months ended 30 September 2016, to gross profit amount to about US$1.4 million for the six months ended 30 September 2017, representing a difference of approximately US$2.4 million, while the gross profit margin improved from approximately -26.0% for the six months ended 30 September 2016 to approximately 22.9% for the six months ended 30 September 2017.

General and administrative expenses

General and administrative expenses of the Group increased from approximately US$1.2 million for the six months ended 30 September 2016 to approximately US$1.4 million for the six months ended 30 September 2017, representing an increase of approximately US$0.2 million or approximately 20.7%. It was mainly due to the setup of new office in Hainan for the preparation of land development.

Finance costs

Finance costs of the Group increased from approximately US$2.0 million for the six months ended 30 September 2016 to approximately US$2.7 million for the six months ended 30 September 2017, representing an increase of approximately US$0.7 million or approximately 34.8%. Such increase was mainly attributable to the amortization of finance costs for the issuance of the US$54.0 million Top Build Convertible Bonds.

Loss and total comprehensive loss

The Group incurred a loss of approximately US$1.9 million for the six months ended 30 September 2017 as compared with a loss of approximately US$20.1 million for the six months ended 30 September 2016. Such decrease was mainly due to (i) no impairment losses incurred for the Group's vessels for the six months ended 30 September 2017 (for the six months ended 30 September 2016: US$16.0 million); (ii) the improvement in gross profit of approximately US$2.4 million; and (iii) the fair value gain of approximately US$0.9 million for the six months ended 30 September 2017 (for the six months ended 30 September 2016 fair value gain approximately US$0.5 million).

Liquidity, financial resources, capital structure and gearing ratio

As at 30 September 2017, the Group's cash and cash equivalent amounted to approximately US$1.6 million (as at 31 March 2017: approximately US$0.3 million), of which approximately 46.2% was denominated in US$ and approximately 45.8% in HK$. Outstanding bank loans amounted to approximately US$30.2 million (as at 31 March 2017: approximately US$33.7 million) and other borrowings amounted to approximately US$48.2 million (as at 31 March 2017: approximately US$43.3 million), which were denominated in US$.

As at 30 September 2017 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 about 64.5% and 65.7% respectively. The decrease in gearing ratio as at 30 September 2017 was mainly due to the appreciation of investment property and the repayment of bank loans.

The Group recorded net current liabilities of about US$23.4 million as at 30 September 2017 and approximately US$22.8 million as at 31 March 2017. It was mainly due to the First Convertible Bonds due in 2018 amounted to approximately US$3.9 million (at 31 March 2017: approximately US$3.9 million) was being classified as current liabilities as at 30 September 2017.

On 17 November 2017, certain members of the Group has entered into a new bank borrowing agreement of US$20,000,000 to refinance the Group's bank borrowings of US$19,932,000 for the Group's three vessels, namely, GH FORTUNE, GH GLORY and GH HARMONY. The new bank borrowing is also subject to compliance of certain restrictive financial undertakings for which the Group will continue to monitor. Should the Group be unable to comply with these restrictive undertakings, the directors plan to negotiate with the bank and will seek to revise these undertakings or obtain a waiver of compliance with the vessel ratio requirements from the bank.

The management maintains continuous relationship with the banks and the Directors are of the opinion that bank borrowings will continue to be available to the Group for the next twelve months from 30 September 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 the First Facility, the Second Facility and the Third Facility with Ablaze Rich on 28 April 2015, 19 January 2017 and 12 April 2017 respectively. The full loan amount had been drawn down by the Company under the First Facility, the Second Facility and the Third Facility. The First Facility was repayable on or before 27 April 2017, the Second Facility will be repayable on or before 18 January 2019 and the Third Facility will be repayable on or before 11 April 2019. These loan facilities were unsecured and carried an interest of 4% per annum. As at 30 September 2017, the drawn amount US$1,000,000 under the First 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 First Facility had been fully repaid by the Company on 27 April 2017. The drawn amount under Second and Third Facility had not been repaid yet. The disinterested members of the Board (including 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 31 March 2017, the Company entered into a deed of funding undertakings (the "Deed") with 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 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 Deed 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 Deed was renewed ("Renewed Deed") on 29 September 2017 to extend the period of funding notice to 30 November 2018 from the date of renewal. The Deed was superseded by the Renewed Deed, and had ceased to be effective from 29 September 2017. For the six months ended 30 September 2017, the Group had drawn US$3 million pursuant to the Deed and the balance of the amount of funding undertaken to be provided by Ablaze Rich, Mr. Yan and Ms. Lam under the Renewed Deed as at 30 September 2017 was US$27 million.

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

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

Convertible Bonds

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

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

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

As at 30 September 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 30 September 2017, the entire principal amount of the Top Build Convertible Bonds remained outstanding.

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 30 September 2017, the Group recorded outstanding bank loans of about US$30.2 million and carried interest at floating rate. On 17 November 2017, the GH FORTUNE, GH GLORY and GH HARMONY Loan was entered into by certain members of the Group for refinancing of certain existing loans of the Group. Please refer to the announcement of the Company dated 17 November 2017 for further details. The bank loans, namely the GH FORTUNE/GH PROSPERITY Loan, the GH POWER Loan, the GH GLORY Loan, the GH HARMONY Loan and the GH FORTUNE, GH GLORY and GH HARMONY Loan, were for financing the acquisition costs of vessels of the Group and were secured by, inter alia, the following:

- Corporate guarantee from the Company;
- First preferred mortgages over the vessels held by the Group;
- Assignment of the charter-hire income and insurance in respect of the vessels held by the Group;
- Charges over shares of each of the Group companies holding those vessels.

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

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

On 24 November 2017, the GH FORTUNE/GH PROSPERITY Loan, the GH GLORY Loan and the GH HARMONY Loan were fully repaid from the loan proceeds received from the GH FORTUNE, GH GLORY and GH HARMONY Loan.

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

Charges on assets

As at 30 September 2017, the Group had pledged the following assets to banks as securities against banking facilities granted to the Group:

	30 September 2017 US$'000 (Unaudited)	31 March 2017 US$'000 (Audited)
Property, plant and equipment	**49,054**	50,313
Pledged bank deposits	**3,957**	3,031
	53,011	53,344

Exposure to fluctuations in exchange rate risk and related hedges

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

During the six months ended 30 September 2017, the Group had entered into an interest rate swap to hedge for the future fluctuations of London Interbank offered rate or cost of fund arising from the Group's variable-rate borrowings. The total notional principal amount of the outstanding interest rate swap as at 30 September 2017 was US$10.3 million (as at 31 March 2017: US$10.9 million).

Contingent liabilities

There were no significant contingent liabilities for the Group as at 30 September 2017.

Interim dividend

The Board does not recommend any interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: Nil).

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2017.

Employees' remuneration and retirement scheme arrangements

As at 30 September 2017, the Group had a total of 95 employees (as at 30 September 2016: 92 employees). For the six months ended 30 September 2017, the total salaries and related costs (including Directors' fees) amounted to approximately US$2.2 million (as at 30 September 2016: US$2.2 million). It is the Group's policy to remunerate its employees with reference to the relevant market situation, and accordingly the remuneration level of the Group's employees remains at a competitive level and is adjusted in accordance with the employees' performance. Other benefits offered by the Group include mandatory provident fund scheme and medical insurance.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

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

Board of Directors

Executive Directors

Mr. YAN Kim Po (殷劍波), aged 56, is the chairman of the Company, an executive Director and the co-founder of the Group. Mr. Yan is the spouse of Ms. Lam. Mr. Yan is primarily responsible for the operation of the Board and is the key decision-maker of the Group. He is responsible for the Group's overall strategic planning and the management and development of the Group's businesses. Mr. Yan is also a director of each of the subsidiaries of the Company. Mr. Yan is an experienced entrepreneur and has extensive experience in the marine transportation industry and in the investment, development, production, processing, operation and trading of the mining and steel industry. Mr. Yan was appointed as Justice of Peace and was granted a Doctor of Philosophy Honoris Causa from Lansbridge University, Canada. He was honoured as World Outstanding Chinese in 2010. He is currently a director of Adex Mining Inc. (TSXV Stock code: ADE), a company listed on the TSX Venture Exchange in Canada. He is a fellow of the Hong Kong Institute of Directors and the Life Honorary President of the Hong Kong Energy and Minerals United Associations (International) Limited. He is 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 "Corporate Governance and Other Information — Directors and Chief Executives' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this interim report.

Ms. LAM Kwan (林群), aged 50, is the chief executive officer of the Company, an executive Director and the co-founder of the Group. Ms. Lam is the spouse of Mr. Yan. Ms. Lam is primarily responsible for the Group's day-to-day management and overall business operations as well as its finance and administrative management. She is also a director of each of the subsidiaries of the Company. Ms. Lam has extensive experience in the marine transportation industry. Ms. Lam is currently a director of Adex Mining Inc. (TSXV Stock code: ADE), a company listed on the TSX Venture Exchange in Canada and a director of KLW Holdings Limited (SGX Stock Code: 504), a company listed on Singapore Exchange Securities Trading Limited. She is also a vice-chairman of Pok Oi Hospital, an honorary director of Hong Kong Baptist University Foundation, 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 and Ms. Lam herself have an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Corporate Governance and Other Information — Directors and Chief Executives' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this interim report.

Mr. CAO Jiancheng (曹建成), aged 61, 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 also held management position as a manager at Valles Steamship Company Limited from 2001 to 2002. Mr. Cao completed the training course for international shipping professional education and obtained a certificate of completion from 上海海運學院 (Shanghai Maritime Institute) in December 1991 through long distance learning, and graduated from Murdoch University with a Master degree of Business Administration in March 1999. Mr. Cao had also been a captain as recognised by the Maritime Affairs Inspection Bureau of the PRC, the Directorate General of Consular and Maritime Affairs of The Republic of Panama and the Bureau of Maritime Affairs of the Ministry of Transport of The Republic of Liberia. Mr. Cao has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Corporate Governance and Other Information — Directors and Chief Executives' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this interim report.

Independent non-executive Directors

Mr. CHEUNG Kwan Hung (張鈞鴻), aged 66, has been serving as an independent non-executive Director of the Company since September 2010. Mr. Cheung graduated from Hong Kong Polytechnic with a Higher Diploma in Accountancy in 1978 and is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Cheung has extensive experience in accounting, finance, corporate management and investment banking, specializing in equity/debt fund raising, mergers and acquisitions and corporate and debt restructuring, as well as private financial consultancy work. Mr. Cheung is currently also an independent non-executive director of two companies listed on the Main Board of the Stock Exchange, namely Tou Rong Chang Fu Group Limited (formerly known as PetroAsian Energy Holdings Limited) (Stock Code: 850) and NewOcean Energy Holdings Limited (Stock Code: 342). Mr. Cheung had been an independent non-executive director of Gold Tat Group International Limited (formerly known as Mobile Telecom Network (Holdings) Limited) (Stock Code: 8266), a company listed on the Growth Enterprise Market of the Stock Exchange, from August 2010 to March 2015. Mr. Cheung has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Corporate Governance and Other Information — Directors and Chief Executives' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this interim report.

Dr. CHAN Chung Bun, Bunny (陳振彬), GBS, JP, aged 60, 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 "Corporate Governance and Other Information — Directors and Chief Executives' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this interim report.

Mr. WAI Kwok Hung (韋國洪), aged 63, has been serving as an independent non-executive Director of the Company since September 2010. Mr. Wai was appointed as Justice of Peace in July 2002 and was awarded the Silver Bauhinia Star medal in 2008 by the government of Hong Kong. Mr. Wai had been an independent non-executive director of Town Health International Medical Group Limited (formerly known as Town Health International Investments Limited) (Stock Code: 3886), a company listed on the Main Board of the Stock Exchange, from July 2002 to September 2015. Mr. Wai has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Corporate Governance and Other Information — Directors and Chief Executives' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this interim report.

Senior management

Mr. SUNG Lik Man (宋力文), aged 46, is the vice general manager of the Group. Mr. Sung is responsible for the Group's overall operational management. He obtained his bachelor's degree in Maritime Management from Dalian Maritime University (大連海事大學) in July 1995. Mr. Sung has extensive experiences in the marine transportation industry and he joined the Group in June 2010 as the vice general manager of Union Apex. Before joining Union Apex, Mr. Sung was the chartering manager of Million Miles Shipping (Hong Kong) Limited from March 2003 to June 2010. Before joining Million Miles Shipping (Hong Kong) Limited, Mr. Sung also worked for COSCO (Hong Kong) Shipping Co., Ltd., a subsidiary of China COSCO Holdings Company Limited (Stock Code: 1919), a company listed on the Main Board of the Stock Exchange, from February 2000 to February 2003.

Mr. CHAN Wai Shing (陳偉盛), aged 38, has joined the Company in November 2017. Mr. Chan is responsible for the corporate finance, investor relations, financial management and company secretarial matters of the Company. Mr. Chan graduated from City University of Hong Kong with a bachelor's degree in accountancy in 2001 and a master's degree in financial analysis at the Hong Kong University of Science and Technology in 2012. He was qualified as a certified public accountant of the Hong Kong Institute of Certified Public Accountants in September 2005 and he was admitted as a fellow of the Association of Chartered Certified Accountants in November 2009. Mr. Chan has over 15 years of experience in corporate finance, investor relationship, auditing, advisory and financial management. Prior to joining the Group, he served as the senior management of several listed companies and worked for an international accounting firm for over 7 years.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 September 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 corporation (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she was taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register required to be kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

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

Name of Director	Capacity/ Nature of interest	Number of Shares held *(Note 1)*	Number of underlying Shares held *(Note 1)*	Approximate percentage of interest (%) *(Note 11)*
Mr. Yan	Interest of controlled corporation *(Note 2)*	622,215,000 (L)	—	67.33%
	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)	2.14%
	Beneficial owner and interest of spouse *(Note 6)*	—	381,843,064 (S)	41.32%
Ms. Lam *(Note 12)*	Interest of controlled corporation *(Note 2)*	622,215,000 (L)	—	67.33%
	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)	2.14%
	Beneficial owner and interest of spouse *(Note 6)*	—	381,843,064 (S)	41.32%
Mr. Cao Jiancheng	Beneficial owner *(Note 7)*	500,000 (L)	7,800,000 (L)	0.90%
Mr. Cheung Kwan Hung	Beneficial owner *(Note 8)*	—	800,000 (L)	0.09%
Dr. Chan Chung Bun, Bunny	Beneficial owner *(Note 9)*	—	800,000 (L)	0.09%
Mr. Wai Kwok Hung	Beneficial owner *(Note 10)*	—	300,000 (L)	0.03%

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 30 September 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 30 September 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 381,843,064 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$54,000,000 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.

(7) On 21 October 2011 and 30 April 2015, Mr. Cao Jiancheng was granted share options of the Company in respect of 6,000,000 Shares and 2,300,000 Shares respectively pursuant to the Share Option Scheme. 7,800,000 share options remained outstanding as at 30 September 2017.

(8) On 30 April 2015, Mr. Cheung Kwan Hung was granted share options of the Company in respect of 800,000 Shares pursuant to the Share Option Scheme. All these share options remained outstanding as at 30 September 2017.

(9) On 30 April 2015, Dr. Chan Chung Bun, Bunny was granted share options of the Company in respect of 800,000 Shares pursuant to the Share Option Scheme. All these share options remained outstanding as at 30 September 2017.

(10) On 30 April 2015, Mr. Wai Kwok Hung was granted share options of the Company in respect of 800,000 Shares pursuant to the Share Option Scheme. 300,000 share options remained outstanding as at 30 September 2017.

(11) The percentage is calculated on the basis of 924,070,000 Shares in issue as at 30 September 2017.

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

Interest in shares and underlying shares of associated corporation:

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

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

Save as disclosed above, as at 30 September 2017, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

As at 30 September 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)	—	67.33%
	Beneficial owner *(Note 2)*	—	19,763,513 (L)	2.14%
廣州匯垠發展投資合夥企業 (for identification only, Guangzhou Huiyin Development Investment Partnership Enterprise)	Investment manager	91,000,000	—	9.85%
Sfund	Beneficial owner *(Note 3)*	—	381,843,064 (L)	41.32%

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 30 September 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 381,843,064 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$54,000,000 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 924,070,000 Shares in issue as at 30 September 2017.

Save as disclosed above, as at 30 September 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 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 8.97% of the shares in issue as at the date of this interim report (the "General Scheme Limit"). The General Scheme Limit is also subject to the Overriding Limit, the refreshment of the General Scheme Limit (as described below) and the grant of share options beyond the General Scheme Limit (as described below).

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

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

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

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

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

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

During the six months ended 30 September 2017, movements of the share options granted under the Share Option Scheme are summarized as follows:

List of grantees	Date of grant	Exercise period	Closing price per Share immediately before the date of grant *HK$*	Exercise price per share *HK$*	Number of share options: Outstanding as at 1 April 2017	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 September 2017
Directors										
Mr. Yan	21 October 2011	21 October 2012–20 October 2021	$1.15	$1.15	700,000	—	—	—	—	700,000
	21 October 2011	21 October 2013–20 October 2021	$1.15	$1.15	700,000	—	—	—	—	700,000
	21 October 2011	21 October 2014–20 October 2021	$1.15	$1.15	700,000	—	—	—	—	700,000
					2,100,000	—	—	—	—	2,100,000
Ms. Lam	21 October 2011	21 October 2012–20 October 2021	$1.15	$1.15	700,000	—	—	—	—	700,000
	21 October 2011	21 October 2013–20 October 2021	$1.15	$1.15	700,000	—	—	—	—	700,000
	21 October 2011	21 October 2014–20 October 2021	$1.15	$1.15	700,000	—	—	—	—	700,000
					2,100,000	—	—	—	—	2,100,000
Mr. Cao Jiancheng	21 October 2011	21 October 2012–20 October 2021	$1.15	$1.15	1,500,000	—	—	—	—	1,500,000
	21 October 2011	21 October 2013–20 October 2021	$1.15	$1.15	2,000,000	—	—	—	—	2,000,000
	21 October 2011	21 October 2014–20 October 2021	$1.15	$1.15	2,000,000	—	—	—	—	2,000,000
	30 April 2015	30 April 2015–29 April 2025	$1.15	$1.20	2,300,000	—	—	—	—	2,300,000
					7,800,000	—	—	—	—	7,800,000
Mr. Cheung Kwan Hung	30 April 2015	30 April 2015–29 April 2025	$1.15	$1.20	800,000	—	—	—	—	800,000
					800,000	—	—	—	—	800,000
Dr. Chan Chung Bun, Bunny	30 April 2015	30 April 2015–29 April 2025	$1.15	$1.20	800,000	—	—	—	—	800,000
					800,000	—	—	—	—	800,000
Mr. Wai Kwok Hung	30 April 2015	30 April 2015–29 April 2025	$1.15	$1.20	300,000	—	—	—	—	300,000
					300,000	—	—	—	—	300,000
Sub-total					13,900,000	—	—	—	—	13,900,000
Employees	21 October 2011	21 October 2012–20 October 2021	$1.15	$1.15	1,600,000	—	(1,500,000)	—	—	100,000
	21 October 2011	21 October 2013–20 October 2021	$1.15	$1.15	2,500,000	—	(2,000,000)	—	—	500,000
	21 October 2011	21 October 2014–20 October 2021	$1.15	$1.15	2,500,000	—	(2,000,000)	—	—	500,000
	30 April 2015	30 April 2015–29 April 2025	$1.15	$1.20	3,500,000	—	(800,000)	—	—	2,700,000
Sub-total					10,100,000	—	(6,300,000)	—	—	3,800,000
Others	30 April 2015	30 April 2015–29 April 2025	$1.15	$1.20	3,490,000	—	(460,000)	—	—	3,030,000
Sub-total					3,490,000	—	(460,000)	—	—	3,030,000
Total					27,490,000	—	(6,760,000)	—	—	20,730,000

Compliance with the CG Code

The Company has adopted the principles and code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules as the Company's code on corporate governance practices. Throughout the six months ended 30 September 2017, the Company has been in compliance with the code provisions set out in the CG Code.

Compliance with the Model Code

The Company has adopted the Model Code as its code of conduct regarding Directors' securities transactions. The Directors have confirmed that, following specific enquiry by the Company, they have complied with the required standards as set out in the Model Code throughout the six months ended 30 September 2017.

Appreciation

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

On behalf of the Board
Yan Kim Po
Chairman

Hong Kong, 28 November 2017

AUDIT COMMITTEE REPORT

The Audit Committee has reviewed with the management of the Group the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including a review of the unaudited condensed consolidated financial information of the Group for the six months ended 30 September 2017 with Directors. The unaudited condensed consolidated financial information have been reviewed by the Group's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants and reports obtained from the management of the Group. The Audit Committee has reviewed the interim results for the six months ended 30 September 2017.

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

Hong Kong, 28 November 2017

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the interim financial information set out on pages 31 to 64, which comprises the interim condensed consolidated statement of financial position of Great Harvest Maeta Group Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 September 2017 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

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

Emphasis of Matter

We draw your attention to Note 2.1 to the unaudited interim condensed consolidated financial information, which states that the Group reported a net loss attributable to the equity holders of US$1,918,000. As at the same date, the Group's current liabilities exceeded its current assets by US$23,392,000. In addition, the Group failed to comply with certain vessel ratio requirement of a bank borrowing of approximately US$10,314,000 as at 30 September 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 to the unaudited interim condensed consolidated financial information, indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Our conclusion is not qualified in respect of this matter.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 28 November 2017

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2017

		Unaudited Six months ended 30 September	
	Note	**2017 US$'000**	2016 US$'000
Revenue	6	**6,252**	3,816
Cost of services		**(4,819)**	(4,807)
Gross profit/(loss)		**1,433**	(991)
Other gains — net	7	**998**	259
Other income		**21**	14
General and administrative expenses		**(1,440)**	(1,197)
Impairment losses on property, plant and equipment		**—**	(16,000)
Operating gain/(loss)	8	**1,012**	(17,915)
Finance costs	9	**(2,676)**	(1,985)
Loss before income tax		**(1,664)**	(19,900)
Income tax expense	10	**(225)**	(168)
Loss for the period		**(1,889)**	(20,068)
Loss attributable to:			
— Owners of the Company		**(1,918)**	(20,101)
— Non-controlling interests		**29**	33
		(1,889)	(20,068)
Loss per share attributable to owners of the Company			
— Basic and diluted	11	**(US0.21 cents)**	(US2.19 cents)
Other comprehensive loss for the period		**(1,889)**	(20,068)
Items that may be reclassified to profit or loss			
Currency translation differences		**1,711**	(1,440)
Total comprehensive loss for the period		**(178)**	(21,508)
Total comprehensive loss attributable to:			
— Owners of the Company		**(361)**	(21,411)
— Non-controlling interest		**183**	(97)
		(178)	(21,508)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

	Note	Unaudited 30 September 2017 US$'000	Audited 31 March 2017 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	49,224	50,317
Investment properties	14	65,000	61,282
Pledged bank deposits		500	500
		114,724	112,099
Current assets			
Trade and other receivables	15	1,853	2,378
Pledged bank deposits		3,457	2,531
Cash and cash equivalents		1,570	266
		6,880	5,175
Total assets		121,604	117,274
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	1,185	1,176
Reserves		16,380	15,743
		17,565	16,919
Non-controlling interest		4,066	3,883
Total equity		21,631	20,802
LIABILITIES			
Non-current liabilities			
Borrowings and loans	17	16,034	13,535
Convertible bonds	19	38,147	40,265
Deferred income tax liabilities	18	15,520	14,710
		69,701	68,510
Current liabilities			
Other payables and accruals	21	6,005	4,711
Borrowings and loans	17	20,317	23,198
Convertible bonds	19	3,928	—
Derivative financial instruments	20	22	53
		30,272	27,962
Total liabilities		99,973	96,472
Total equity and liabilities		121,604	117,274

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Unaudited										
	Attributable to owners of the Company										
	Share capital US$'000	Share premium US$'000	Convertible bonds US$'000	Share option reserve US$'000	Merger reserve US$'000	Other reserves US$'000	Exchange reserve US$'000	Retained profits US$'000	Total US$'000	Non-controlling interest US$'000	Total equity US$'000
Balance at 1 April 2017	1,176	45,922	38,954	1,636	(63,808)	13,636	(4,397)	(16,200)	16,919	3,883	20,802
Comprehensive loss											
(Loss)/profit for the period	—	—	—	—	—	—	—	(1,918)	(1,918)	29	(1,889)
Other comprehensive loss											
Currency translation differences	—	—	—	—	—	—	1,557	—	1,557	154	1,711
Total comprehensive loss	—	—	—	—	—	—	1,557	(1,918)	(361)	183	(178)
Transactions with owners, recognised directly in equity											
Employee share option scheme:											
— Exercise of share options	9	1,355	—	(357)	—	—	—	—	1,007	—	1,007
	9	1,355	—	(357)	—	—	—	—	1,007	—	1,007
Balance at 30 September 2017	1,185	47,277	38,954	1,279	(63,808)	13,636	(2,840)	(18,118)	17,565	4,066	21,631

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

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2016

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

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017

	Unaudited Six months ended 30 September 2017 US$'000	2016 US$'000
Cash flows from operating activities		
Loss before income tax	**(1,664)**	(19,900)
Adjustments for:		
— Finance cost	**2,676**	1,985
— Depreciation	**1,260**	1,871
— Fair value changes in interest rate swap	**(31)**	(77)
— Fair value changes in convertible bonds	**(68)**	325
— Fair value changes in investment properties	**(899)**	(507)
— Impairment losses on property, plant and equipment	**—**	16,000
Changes in working capital:		
— Trade and other receivables	**525**	319
— Other payables and accruals	**1,448**	(10)
— Loan receivables	**—**	6,795
— Balances with related companies	**—**	(114)
Net cash generated from operating activities	**3,247**	6,687
Cash flows from investing activities		
Addition of property, plant and equipment	**(164)**	—
Addition of investment properties	**(375)**	—
Net cash used in investing activities	**(539)**	—
Cash flows from financing activities		
Proceeds from exercise of share options	**1,007**	142
Interest paid	**(669)**	(746)
Inception of loan from ultimate holding company	**4,000**	—
Repayments of loan from ultimate holding company	**(1,000)**	—
Repayments of bank borrowings	**(3,511)**	(5,207)
(Increase)/Decrease in pledged bank deposits	**(926)**	261
Net cash used in financing activities	**(1,099)**	(5,550)
Net increase in cash and cash equivalents	**1,609**	1,137
Cash and cash equivalents at beginning of the period	**266**	880
Exchange gains on cash and cash equivalents	**(305)**	115
Cash and cash equivalents at end of the period	**1,570**	2,132

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

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

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

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

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

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 September 2017 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

2.1 Going concern basis

For the period ended 30 September 2017, the Group recorded a net loss attributable to the equity holders of US$1,918,000 and had net cash inflows from operating activities of US$3,247,000. As at the same date, the Group's current liabilities exceeded its current assets by US$23,392,000.

As at 30 September 2017, the Group had total outstanding bank borrowings amounted to US$30,246,000. The Group has to comply with restrictive undertaking clauses set out in the loan agreements in connection with the ratio of vessel's market value together with value of security to outstanding borrowing amount (the "Vessel Ratio").

In respect of the bank borrowing of approximately US$10,314,000, 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 condensed consolidated interim financial information. Pursuant to the relevant loan agreement, this bank borrowing may become immediately repayable if the Group fails to take remedial actions by repaying the bank borrowing or increasing pledged deposits within a period of time as may be required by the bank. In respect of the remaining bank borrowings of US$19,932,000, the Group was in compliance with the revised Vessel Ratio requirements under the relevant loan agreements as at 30 September 2017.

2 Basis of preparation (Continued)

2.1 Going concern basis (Continued)

As at 30 September 2017, the Group had two convertible bonds (Note 19) of US$42,075,000, 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$6,105,000. 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 30 September 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 30 September 2017:

(i) On 17 November 2017, the Group has entered into a new bank borrowing agreement of US$20,000,000 to refinance the Group's bank borrowings of US$19,932,000 with actual drawn down being taken place on 24 November 2017. The new bank borrowing is interest bearing at London Interbank Offered rate plus 3.15% per annum, repayable by quarterly instalments in 5 years. The new bank borrowings is also subject to compliance of certain restrictive financial undertakings for which the Group will continue to monitor its compliance. Should the Group be unable to comply with these restrictive undertakings, the directors plan to negotiate with the bank and will seek to revise these undertakings or obtain a waiver of compliance with the Vessel Ratio requirements from the bank.

(ii) In respect of the bank borrowings of US$10,314,000, 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 undertakings or obtain a waiver of the compliance with the Vessel Ratio requirements from the bank.

(iii) In respect of the Ablaze Rich Convertible Bonds as of 30 September 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 fourteen months from 30 September 2017. For the Top Build Convertible Bonds, 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.

2 Basis of preparation (Continued)

2.1 Going concern basis (Continued)

(iv) In respect of loans from ultimate holding company of US$6,105,000, the ultimate holding company confirmed that it does not have the intention and will not exercise its rights to demand for immediate repayment of the loans even if the events allowing such rights to demand happen in the next fourteen months from 30 September 2017.

(v) On 31 March 2017, the ultimate holding company of the Group, together with the Company's two directors, Mr. Yan Kim Po and Ms. Lam Kwan, (collectively, the "Guarantors"), entered into a deed of funding undertakings to provide funding to the Group. The funding notice could be issued at the discretion of the Company to ultimate holding company and the Guarantors and the total amount of funding undertakings shall not exceed US$30,000,000. The deed was renewed on 29 September 2017 to extend the period of funding notice to 30 November 2018 from the date of renewal. The above deed entered on 31 March 2017 was superseded by this renewed deed, and had ceased to be effective from 29 September 2017.

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

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

In April 2017, the Group drawn down a loan of US$3,000,000 from the ultimate holding company under the terms of the deed. The loan is interest bearing at 4% per annum and repayable by April 2019. The available funding under the deed of funding undertakings was US$27,000,000 as at 30 September 2017.

(vi) In respect of the Group's investment properties development in Hainan, the Group is in the process of applying for the land development approval. The Group does not have any commitment for capital expenditure of such developments at this stage and no expenditures in relation to such development will be committed by the Group before securing the necessary funding.

(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 30 September 2017. Accordingly, the directors are satisfied that it is appropriate to prepare the condensed consolidated interim financial information on a going concern basis.

2 Basis of preparation (Continued)

2.1 Going concern basis (Continued)

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

(i) Continuous compliance by the Group of the existing terms and conditions of bank borrowings and, where applicable, successful negotiation with the banks to obtain wavier 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 wavier as and when needed such that the Top Build Convertible Bonds will continue to be available to the Group;

(iii) The Guarantors will be able to provide further funding advance of up to US$27,000,000 to the Group as and when needed which will be repayable beyond twelve months from 30 September 2017;

(iv) Successful negotiation with the bank to renew the bank borrowing which will mature in February 2018;

(v) Successful in application of the land development approval for the Group's investment properties development in Hainan and successful raising of financing as and when required for the development of the investment properties; and

(vi) Obtaining additional sources of financing or bank borrowings as and when needed.

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

3 Accounting policies

Obtaining additional sources of financing or bank borrowings as and when needed.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2017, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings.

(a) The following amendments to standards are mandatory for the first time for the financial year beginning 1 April 2017 and currently relevant to the Group:

HKAS 7 (Amendment)	Statement of cash flows — disclosure initiative
HKAS 12 (Amendment)	Income taxes
HKFRS 12 (Amendment)	Disclosure of interest in other entities

The Group has adopted these amendments and the adoption of these amendments did not have significant impacts on the Group's results and financial position.

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

(b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 April 2017 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 28 (Amendment)	Investments in associates and joint ventures	1 April 2018
HKAS 40 (Amendment)	Transfers of investment property	1 April 2018
HKFRS 1 (Amendment)	First time adoption of HKFRS	1 April 2018
HKFRS 2 (Amendment)	Classification and measurement of share-based payment transactions	1 April 2018
HKFRS 4 (Amendment)	Insurance Contracts "Applying HKFRS 9 financial instruments with HKFRS 4 insurance contracts"	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
HK (IFRIC) 22	Foreign currency transactions and advance consideration	1 April 2018
HKFRS 16	Leases	1 April 2019

Note: To be announced by HKICPA

3 Accounting policies (Continued)

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, amendments to standards when they become effective.

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.

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 HKAS 39.

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.

3 Accounting policies (Continued)

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise 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) Recognise revenue when performance obligation is satisfied.

The core principle is that a company should recognise 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 capitalization 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. In light of the global operations and different laws and regulations in place, the directors of the Company is currently in the process of evaluating the full impact of HKFRS 15 on the Group's financial statements. Management will make more detailed assessments of the impact over the next six months.

HKFRS 16 "Leases"

HKFRS 16 was issued in January 2016. It will results 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.

3 Accounting policies (Continued)

HKFRS 16 "Leases" (Continued)

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of US$724,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the 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.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

4 Estimates

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

In preparing the condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were same as those that applied to the consolidated financial statements for the year ended 31 March 2017.

5 Financial risk management and financial instruments

5.1 Financial risk factors

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

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2017.

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

5 Financial risk management and financial instruments (Continued)

5.2 Cash flow and fair value interest rate risk

The Group is exposed to fair value interest rate risk arising from convertible bonds (Note 19). The Group is also exposed to cash flow interest risk arising from floating rate bank borrowings (Note 17), net-off by bank deposits.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuations of London Interbank Offered rate ("LIBOR") arising from the Group's variable-rate bank borrowings.

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

Except for the convertible bonds with 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 30 September 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 period would have been affected by US$30,000 (six months ended 30 September 2016: US$48,000), mainly as a result of fluctuation on interest expenses on floating rate bank borrowings.

5.3 Liquidity risk

For the period ended 30 September 2017, the Group recorded a net loss attributable to the equity holders of US$1,918,000 and had net cash inflows from operating activities of US$3,247,000. As at the same date, the Group's current liabilities exceeded its current assets by US$23,392,000.

As at 30 September 2017, the Group had total outstanding bank borrowings amounted to US$30,246,000. The Group has to comply with restrictive undertaking clauses set out in the loan agreements in connection with the ratio of vessel's market value together with value of security to outstanding borrowing amount (the "Vessel Ratio").

In respect of the bank borrowing of approximately US$10,314,000, 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 condensed consolidated interim financial information. Pursuant to the relevant loan agreement, this bank borrowing may become immediately repayable if the Group fails to take remedial actions by repaying the bank borrowing or increasing pledged deposits within a period of time as may be required by the bank. In respect of the remaining bank borrowings of US$19,932,000, the Group was in compliance with the revised Vessel Ratio requirements under the relevant loan agreements as at 30 September 2017.

5 Financial risk management and financial instruments (Continued)

5.3 Liquidity risk (Continued)

As at 30 September 2017, the Group had two convertible bonds (Note 19) of US$42,075,000, 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$6,105,000. 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 30 September 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 30 September 2017:

(i) On 17 November 2017, the Group has entered into a new bank borrowing agreement of US$20,000,000 to refinance the Group's bank borrowings of US$19,932,000 with actual drawn down being taken place on 24 November 2017. The new bank borrowing is interest bearing at London Interbank Offered rate plus 3.15% per annum, repayable by quarterly instalments in 5 years. The new bank borrowings is also subject to compliance of certain restrictive financial undertakings for which the Group will continue to monitor its compliance. Should the Group be unable to comply with these restrictive undertakings, the directors plan to negotiate with the bank and will seek to revise these undertakings or obtain a waiver of compliance with the Vessel Ratio requirements from the bank.

(ii) In respect of the bank borrowings of US$10,314,000, 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 undertakings or obtain a waiver of the compliance with the Vessel Ratio requirements from the bank.

(iii) In respect of the Ablaze Rich Convertible Bonds as of 30 September 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 fourteen months from 30 September 2017. For the Top Build Convertible Bonds, 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.

5 Financial risk management and financial instruments (Continued)

5.3 Liquidity risk (Continued)

(iv) In respect of loans from ultimate holding company of US$6,105,000, the ultimate holding company confirmed that it does not have the intention and will not exercise its rights to demand for immediate repayment of the loans even if the events allowing such rights to demand happen in the next fourteen months from 30 September 2017.

(v) On 31 March 2017, the ultimate holding company of the Group, together with the Company's two directors, Mr. Yan Kim Po and Ms. Lam Kwan, (collectively, the "Guarantors"), entered into a deed of funding undertakings to provide funding to the Group. The funding notice could be issued at the discretion of the Company to ultimate holding company and the Guarantors and the total amount of funding undertakings shall not exceed US$30,000,000. The deed was renewed on 29 September 2017 to extend the period of funding notice to 30 November 2018 from the date of renewal. The above deed entered on 31 March 2017 was superseded by this renewed deed, and has ceased to be effective from 29 September 2017.

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

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

In April 2017, the Group drawn down a loan of US$3,000,000 from the ultimate holding company under the terms of the deed. The loan is interest bearing at 4% per annum and repayable by April 2019. The available funding under the deed of funding undertakings was US$27,000,000 as at 30 September 2017.

(vi) In respect of the Group's investment properties development in Hainan, the Group is in the process of applying for the land development approval. The Group does not have any commitment for capital expenditure of such developments at this stage and no expenditures in relation to such development will be committed by the Group before securing the necessary funding.

(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.

5 Financial risk management and financial instruments (Continued)

5.3 Liquidity risk (Continued)

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

	Less than 1 year US$'000	**Between 1 and 2 years US$'000**	**Between 2 and 5 years US$'000**	**Total US$'000**
At 30 September 2017				
Borrowings and loans	**20,316**	**7,739**	**8,296**	**36,351**
Interest on borrowings and loans	**936**	**517**	**592**	**2,045**
Derivative financial instruments	**22**	**—**	**—**	**22**
Convertible bonds and interest payable	**3,600**	**—**	**54,000**	**57,600**
Other payables and accruals	**5,898**	**—**	**—**	**5,898**

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Total US$'000
At 31 March 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

5 Financial risk management and financial instruments (Continued)

5.4 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

The following table presents the Group's financial liabilities that are measured at fair value at 30 September 2017.

	Level 1 US$'000	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
Liabilities				
Derivative financial instruments				
— interest rate swap	**—**	**22**	**—**	**22**
Convertible bonds				
— derivative component	**—**	**544**	**—**	**544**
	—	**566**	**—**	**566**

The following table presents the Group's financial liabilities that are measured at fair value 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 component	—	612	—	612
	—	665	—	665

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between instruments in Level 1, Level 2 and Level 3 fair value hierarchy classifications. There were no significant changes in valuation methodologies during the period.

5 Financial risk management and financial instruments (Continued)

5.5 Valuation methodologies used to derive Level 2 fair values

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

The derivative component of convertible bonds is fair valued using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices of other quoted financial instruments of the counterparties.

5.6 Group's valuation processes

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

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

The fair values of the trade and other receivables, pledged bank deposits, cash and cash equivalents, other payables and accruals as at 30 September 2017 approximate their carrying amounts due to their short term maturities.

The fair values of the bank borrowings as at 30 September 2017 approximate their carrying amounts as they bear interest at floating rates that are market dependent. The fair value of the liability component of convertible bonds and loans from ultimate holding company approximates its carrying amount as the amount bears interest at commercial terms.

6 Revenue and segment information

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

The operating segments comprise:

— Chartering of vessels

— Property investment and development

— Others primarily comprise the money lending business

6 Revenue and segment information (Continued)

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers (i.e. executive directors) in order to allocate resources to segments and to assess their performance.

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

Segment assets are those operating assets that are employed by a segment in its operating activities. Segment assets excludes 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 condensed consolidated interim financial information. No segment liabilities is presented as it is not regularly provided to the executive directors.

(a) Segment revenue, results and other information

	Chartering of vessels US$'000	**Property investment and development US$'000**	**Others US$'000**	**Total US$'000**
Six months ended 30 September 2017				
Revenue	**6,252**	**—**	**—**	**6,252**
Segment loss	**(34)**	**(1,218)**	**(412)**	**(1,664)**
Depreciation	**(1,245)**	**(15)**	**—**	**(1,260)**
Finance cost	**(814)**	**(1,766)**	**(96)**	**(2,676)**

	Chartering of vessels US$'000	Property investment and development US$'000	Others US$'000	Total US$'000
Six months ended 30 September 2016				
Revenue	3,598	—	218	3,816
Segment loss	(18,725)	(593)	(582)	(19,900)
Depreciation	(1,867)	(3)	(1)	(1,871)
Impairment losses on property, plant and equipment	(16,000)	—	—	(16,000)
Finance cost	(906)	(1,079)	—	(1,985)

6 Revenue and segment information (Continued)

(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 30 September 2017				
Segment assets	**55,460**	**65,466**	**678**	**121,604**
As at 31 March 2017				
Segment assets	55,809	61,344	121	117,274

(c) Geographical information

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

7 Other gains/(losses) — net

	Six months ended 30 September	
	2017	2016
	US$'000	US$'000
Fair value gains/(losses) on:		
— Investment properties	**899**	507
— Convertible bonds	**68**	(325)
— Interest rate swap	**31**	77
	998	259

8 Operating gain/(loss)

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

	Six months ended 30 September	
	2017	2016
	US$'000	US$'000
Depreciation of property, plant and equipment (Note 13)	**1,260**	1,871
Impairment losses on property, plant and equipment	**—**	16,000
Crew expenses (included in cost of services)	**1,551**	1,574
Operating lease rental for land and building	**280**	190
Employee benefit expenses (including directors' emoluments)		
Fee, salaries and other benefit costs	**680**	590
Pension costs — retirement benefit plans	**11**	10

9 Finance costs

	Six months ended 30 September	
	2017	2016
	US$'000	US$'000
Interest expense on borrowings and loans	**701**	657
Arrangement fee on bank borrowings	**61**	76
Interest expense on convertible bonds (Note 19)	**1,878**	1,183
Interest expense on derivative financial instruments	**36**	69
	2,676	1,985

10 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the six months ended 30 September 2017. 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.

	Six months ended 30 September	
	2017	2016
	US$'000	US$'000
Current income tax		
— Hong Kong profits tax	**—**	41
Deferred income tax	**225**	127
Income tax expense	**225**	168

11 Loss per share

(a) Basic

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

	Six months ended 30 September	
	2017	2016
Loss attributable to owners of the Company (US$'000)	**1,918**	20,101
Weighted average number of ordinary shares in issue (thousands)	**918,893**	916,319
Basic loss per share (US cents per share)	**0.21**	2.19

(b) Diluted

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

Diluted loss per share for the six months ended 30 September 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 board of directors does not recommend the payment of interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: Nil).

13 Property, plant and equipment

	2017 **US$'000**	2016 US$'000
Six months ended 30 September		
Opening net book amount at 1 April	**50,317**	68,475
Addition	**164**	—
Depreciation	**(1,260)**	(1,871)
Provision for impairment losses	**—**	(16,000)
Exchange reserve	**3**	—
Closing net book amount at 30 September	**49,224**	50,604

Depreciation expense of approximately US$1,245,000 (six months ended 30 September 2016: US$1,867,000) has been charged in "Cost of services" and US$15,000 (six months ended 30 September 2016: US$4,000) in "General and administrative expenses".

As at 30 September 2017, the Group's property, plant and equipment of US$49,054,000 (31 March 2017: US$50,313,000) was pledged as security for bank borrowings of the Group.

14 Investment properties

	2017 **US$'000**	2016 US$'000
Six months ended 30 September		
Opening balance at 1 April	**61,282**	63,094
Addition	**375**	—
Fair value gain	**899**	507
Exchange difference	**2,444**	(2,046)
Closing net book amount at 30 September	**65,000**	61,555

The fair value measurement information for these investment properties is in accordance with HKFRS 13 based on significant unobservable inputs (level 3) as at 30 September 2017 and 31 March 2017.

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

14 Investment properties (Continued)

The valuations of the investment properties were carried out by an independent firm, Hong Kong Appraisal Advisory Limited based on market conditions as at 30 September 2017 using direct comparison method. There were no changes in valuation methodologies during the period.

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 best use of the property for the highest value in the market.
Size adjustment:	Based on the area of the property.

Unobservable inputs	**Range of unobservable input**	**Relationship of unobservable inputs to fair value**
Time adjustment	0% to 10%	The upward of market trend will have positive impact on adjustment and thus increase in fair value.
Location adjustment	–20% to 10%	The better the location will have positive impact on adjustment, thus increase in fair value.
Land use right adjustment	–5% to 5%	The better designated use of the property will have 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.

15 Trade and other receivables

	As at	
	30 September 2017 US$'000	31 March 2017 US$'000
Trade receivables	**959**	1,646
Less: Provision for impairment of trade receivables	**(8)**	(8)
Trade receivables — net	**951**	1,638
Prepayments and deposits	**730**	690
Other receivables	**164**	42
Other receivables from related parties (Note 23)	**8**	8
	1,853	2,378

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

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 30 September 2017 and 31 March 2017, the ageing analysis of gross trade receivables based on invoice date was as follows:

	As at	
	30 September 2017 US$'000	31 March 2017 US$'000
0–30 days	**572**	1,258
31–60 days	**217**	336
61–365 days	**138**	20
Over 365 days	**32**	32
	959	1,646

16 Share capital

	As at			
	30 September 2017		31 March 2017	
	Number of shares (thousands)	**Amount HK$'000**	Number of shares (thousands)	Amount HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	**4,000,000**	**40,000**	2,000,000	20,000

Issued and fully paid:

	Number of shares (thousands)	**Share capital** US$'000
At 1 April 2017	**917,310**	**1,176**
Exercise of share options (Note a)	**6,760**	**9**
At 30 September 2017	**924,070**	**1,185**
At 1 April 2016	916,050	1,174
Exercise of share options	950	2
At 30 September 2016	917,000	1,176

Note:

(a) The outstanding options were vested and exercisable. Options exercised during the period ended 30 September 2017 resulted in 6,760,000 shares (30 September 2016: 950,000 shares) being issued at a weighted average exercise price of HK$1.16 (30 September 2016: HK$1.16), with exercise proceeds of US$1,007,000 (30 September 2016: US$142,000). The related weighted average price at the time of exercise was HK$1.37 (30 September 2016: HK$1.33) per share.

17 Borrowings and loans

	As at	
	30 September 2017 US$'000	31 March 2017 US$'000
Non-current		
— Bank borrowing (Note i)	**9,929**	11,523
— Loans from ultimate holding company (Note ii)	**6,105**	2,012
	16,034	13,535
Current		
— Bank borrowing (Note i)	**20,317**	22,187
— Loans from ultimate holding Company (Note ii)	**—**	1,011
	20,317	23,198

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 loans are unsecured in nature and bears interest at 4% per annum. The carrying amount of the loans from ultimate holding company are denominated in US dollar. The fair values of the loans from ultimate holding company approximate their carrying amounts.

As at 30 September 2017, the Group had total outstanding bank borrowings amounted to US$30,246,000. The Group has to comply with restrictive undertaking clauses set out in the loan agreements in connection with the ratio of vessel's market value together with value of security to outstanding borrowing amount (the "Vessel Ratio").

In respect of the bank borrowing of approximately US$10,314,000, 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 condensed consolidated interim financial information. Pursuant to the relevant loan agreement, this bank borrowing may become immediately repayable if the Group fails to take remedial actions by repaying the bank borrowing or increasing pledged deposits within a period of time as may be required by the bank. In respect of the remaining bank borrowings of US$19,932,000, the Group was in compliance with the revised Vessel Ratio requirements under the relevant loan agreements as at 30 September 2017.

17 Borrowings and loans (Continued)

As at 30 September 2017, the Group's property, plant and equipment of US$49,054,000 (31 March 2017: US$50,313,000) was pledged respectively as security for bank borrowings of the Group.

Movements in borrowings are analysed as follows:

	Six months ended 30 September	
	2017	2016
	US$'000	US$'000
Opening amount at 1 April	**36,733**	41,170
Addition — loans from ultimate holding company	**4,000**	—
Interest expenses	**762**	733
Repayments of bank borrowings	**(4,130)**	(5,884)
Repayments of loans from ultimate holding company	**(1,014)**	—
Closing amount at 30 September	**36,351**	36,019

18 Deferred income tax

	Six months ended 30 September	
	2017	2016
	US$'000	US$'000
Opening balance at 1 April	**14,710**	15,131
Charged to profit or loss	**225**	127
Exchange difference	**585**	(491)
Closing balance at 30 September	**15,520**	14,767

19 Convertible bonds

	As at 30 September 2017 US$'000	As at 31 March 2017 US$'000
Ablaze Rich Convertible Bonds	**3,928**	3,884
Top Build Convertible Bonds	**38,147**	36,381
	42,075	40,265

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

	Liability component US$'000	Derivative component US$'000	Total US$'000
As at 1 April 2017	**39,653**	**612**	**40,265**
Interest expenses (Note 9)	**1,878**	**—**	**1,878**
Fair value gain (Note 7)	**—**	**(68)**	**(68)**
At 30 September 2017	**41,531**	**544**	**42,075**
As at 1 April 2016	3,058	752	3,810
Issue of convertible bonds (Note)	33,618	—	33,618
Interest expenses (Note 9)	1,183	—	1,183
Fair value loss (Note 7)	—	325	325
At 30 September 2016	37,859	1,077	38,936

The fair value of derivative component as at 30 September 2017 and 2016 are measured at using the Binomial Option Pricing Model based on bond yield of 6.2% and 6.7%, 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.

19 Convertible bonds (Continued)

Note:

On 10 May 2016, the Group issued convertible bonds with principal amount of US$54,000,000 ("Top Build Convertible Bonds) and will be due on 9 May 2021. The convertible bonds are interest free and may be converted in full or in part (multiples of US$100,000) at the initial conversion price of HK$1.096 per conversion share (subject to anti-dilutive adjustment) any time within five years from the date of issue to 7 business days prior to maturity date. At initial recognition, the convertible bonds comprised two elements and were accounted for as follows:

- The debt element was treated as a financial liability and measured at amortised cost and interest expenses were 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.

20 Derivative financial instruments

The Group entered into interest rate swap contracts with a bank to manage exposure to 3-month floating rate LIBOR. The total notional principal amount of the outstanding interest rate swap as at 30 September 2017 was US$10,300,000 (31 March 2017: US$10,900,000). The contracts will become mature on 12 February 2018.

21 Other payables and accruals

	As at	
	30 September 2017 US$'000	31 March 2017 US$'000
Other payables and accruals	**1,216**	1,202
Receipt in advance from charterers	**107**	97
Other payables to related companies	**4,682**	3,412
	6,005	4,711

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

22 Commitments

(a) Operating lease commitments — Group as lessee

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

	As at	
	30 September 2017 US$'000	31 March 2017 US$'000
Office premise		
— No later than one year	**397**	366
— Within 2 to 5 years	**327**	9
	724	375

(b) Operating lease commitments — Group as lessor

At 30 September 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:

	As at	
	30 September 2017 US$'000	31 March 2017 US$'000
Vessels		
No later than one year	**984**	2,118

23 Related party transactions

The ultimate 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.

(a) Significant transactions with related parties

The Group had the following significant transactions with its related companies for the six months ended 30 September 2017 and 2016.

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

	Six months ended 30 September	
	2017	2016
	US$'000	US$'000
Interests on Ablaze Rich Convertible Bonds to ultimate holding company	**112**	104
Interests on Top Build Convertible Bonds to ultimate controlling parties	**—**	1,079
Interests on loans from ultimate holding company	**96**	—
Rental expenses paid to Toprich (Asia) Limited (Note (i))	**167**	167

Note:

(i) Toprich (Asia) Limited is ultimately wholly-owned by the ultimate controlling parties.

23 Related party transactions (continued)

(b) Balance with related parties

As at period ended 30 September 2017 and 31 March 2017, the Group had the following significant balances with its related parties.

	30 September 2017 US$'000	31 March 2017 US$'000
Ablaze Rich Convertible Bonds issued to ultimate holding company (Note (i))	**3,928**	3,884
Loans form ultimate holding company	**6,105**	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	**(16)**	(18)
Other payables to related companies which are ultimately controlled by Mr. Yin Hai (Note (ii))	**(4,665)**	(3,394)

Notes:

(i) The principal amount of Ablaze Rich Convertible Bonds was US$3,000,000.

(ii) Mr. Yin Hai is the brother of Mr. Yan Kim Po, director of the Company

(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:

	Six months ended 30 September 2017 US$'000	2016 US$'000
Salary and other short-term employee benefits	**416**	417
Pension costs — defined contribution plans	**6**	6
	422	423