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

2018
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" or "BDI"	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" or "BPI"	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

GLOSSARY

"EBITDA"	earnings before finance costs, tax, depreciation, amortization and impairment loss on property, plant and equipment
"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. The GH FORTUNE/GH PROSPERITY Loan has been fully repaid
"GH FORTUNE/ GLORY/HARMONY Loan"	a term loan for the principal amount of US$20 million for refinancing the three vessels owned by the Group, namely, GH FORTUNE, GH GLORY and GH HARMONY. The principal amount of the bank loan shall be repayable by 20 consecutive quarterly instalments commencing three months from 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. The GH GLORY Loan has been fully repaid
"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. The GH HARMONY Loan has been fully repaid
"GH POWER Loan"	a term loan for the principal amount of US$39 million for financing the acquisition costs of GH POWER. The principal amount shall be repaid by 43 consecutive quarterly instalments commencing three months from 11 February 2008 with the final repayment date on 28 February 2019
"Great Ocean"	Great Ocean Shipping Limited (浩洋船務有限公司), a company incorporated in the BVI on 29 September 2006 and a wholly-owned subsidiary of the Company
"Greater Shipping"	Greater Shipping Co., Ltd. (榮達船務有限公司), a company incorporated in the BVI on 31 May 2002 and a wholly-owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"HK$" 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

GLOSSARY

"Joy Ocean"	Joy Ocean Shipping Limited (悅洋船務有限公司), a company incorporated in the BVI on 21 October 2004 and a wholly-owned subsidiary of the Company
"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 GEM of the Stock Exchange and the options market
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Mr. Yan"	Mr. YAN Kim Po (殷劍波先生), the chairman of the Board, an executive Director and the husband of Ms. Lam
"Ms. Lam"	Ms. LAM Kwan (林群女士), the chief executive officer of the Company, an executive Director and the wife of Mr. Yan
"Nomination Committee"	the nomination committee of the Board
"PRC" or "China"	the People's Republic of China which, for the purposes of this 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

GLOSSARY

"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 2018
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Share Option Scheme"	the share option scheme of the Company approved and adopted by an ordinary resolution of the shareholders at the annual general meeting of the Company held on 19 August 2011
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	the subscription of the First Convertible Bonds by Ablaze Rich pursuant to the terms and conditions of the Subscription Agreement
"Subscription Agreement"	the agreement dated 5 July 2013 and entered into between the Company and Ablaze Rich in respect of the Subscription
"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$54,000,000 due 2021 issued by the Company to Mr. Yan, Ms. Lam and Mr. Yin Hai pursuant to the terms and conditions of the Sale and Purchase Agreement
"Top Build Group"	Top Build Group Ltd. and its subsidiaries
"Union Apex"	Union Apex Mega Shipping Limited (聯合佳成船務有限公司), a company incorporated in Hong Kong on 2 December 2009 and a wholly-owned subsidiary of the Company
"United Edge"	United Edge Holdings Limited, a company incorporated in the BVI on 18 April 2013 and a wholly-owned subsidiary of the Company
"US$" and "US Cents"	United States dollars and cents, respectively, the lawful currency of the United States
"Way Ocean"	Way Ocean Shipping Limited, a company incorporated in the BVI on 8 October 2010 and a wholly-owned subsidiary of the Company

CORPORATE INFORMATION

Board of Directors

Executive Directors

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

Independent non-executive Directors

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Company secretary

Mr. CHAN Wai Shing (陳偉盛)

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

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

Hong Kong share registrar and transfer office

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

Independent Auditor

PricewaterhouseCoopers

Legal adviser as to Hong Kong law

Chiu & Partners

Principal bankers

DVB Bank SE
HSH Nordbank AG
DBS Bank (Hong Kong) Limited
Citibank (Hong Kong) Limited

Stock code

3683

Website address

www.greatharvestmg.com

The English and 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

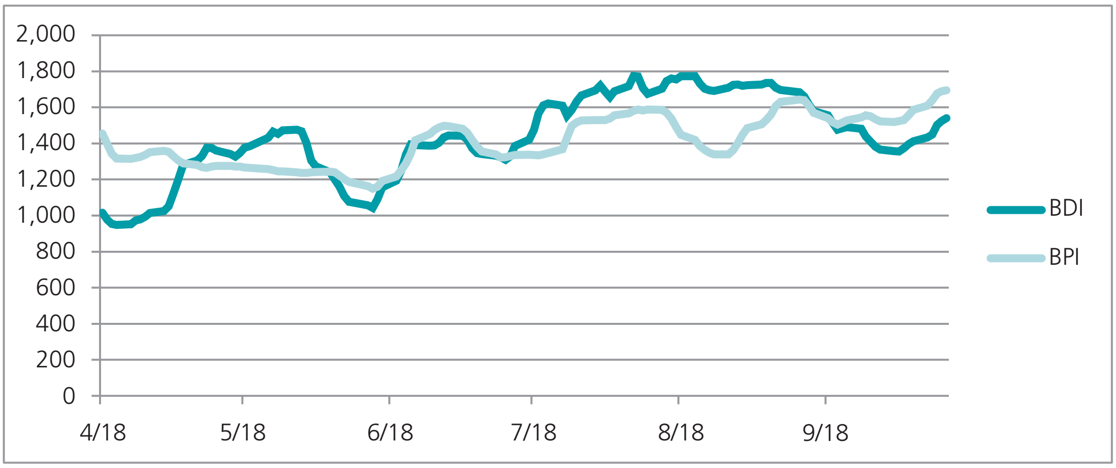
	Six months ended 30 September (Unaudited)	
	2018	2017
	US$'000	US$'000
Revenue	**8,235**	6,252
Gross profit	**3,916**	1,433
Total comprehensive income/(loss) attributable to owners of the Company	**7,541**	(178)
EBITDA	**3,022**	2,272
Earnings/(loss) per share attributable to owners of the Company (US Cents)		
— Basic	**US1.25 Cents**	(US0.21 Cents)
— Diluted	**US1.03 Cents**	(US0.21 Cents)

	(Unaudited)	**(Audited)**
	30 September	31 March
	2018	2018
	US$'000	US$'000
Total assets	**133,980**	127,250
Total liabilities	**(96,341)**	(103,628)
Net assets	**37,639**	23,622

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

Daily Variation Chart of BDI and BPI
3 April 2018 – 28 September 2018



BDI high at 1,774 in July 2018, low at 948 in April 2018, average at 1,436.41.

BPI high at 1,695 in September 2018, low at 1,149 in May 2018, average at 1,411.98.

In succession of the level from last year, the spot freight for dry bulk marine transportation market remains at a higher level in 2018. The rising demand for marine transportation of bulk grains in South America and the maintenance and growth of China's imports of iron ore and coal supported and helped to maintain and increase the spot freight. The average BDI was 1,436 points during the period from April 2018 to September 2018, representing an increase of 398 points or approximately 38% as compared to 1,038 points for the corresponding period of 2017. The average daily charter rate of panamax vessels was US$11,343 per day from April to September this year, representing an increase of US$2,080 per day or approximately 22% as compared to an average of US$9,263 per day for the corresponding period of last year. The charter hire transactions resumed their operations, while the cargo owners and charterers started to request for charter hire with higher rate and longer term in an effort to balance the risks of and pressure from cargo transportation, which provided the vessels' owners with another business choice that they might set the charter period for one year or more. Among different kinds of vessels, panamax vessels remained relatively stable in the freight market, while capsize vessels witnessed relatively significant fluctuation, which revealed that the freight market would still be in a relatively long transition period prior to resuming to stable operation. While the freight market rebounded, the low freight rate during the previous two years resulted in the delay in fleet modification by vessel owners as well as the decrease in investment in dry bulkers by new vessel investors. Such phenomenon led to the decline in both orders and delivered quantity of new build vessels. However, due to the higher spot freight this year, the dismantlement of vessels has also dropped dramatically. The dismantlement of old vessels this year is only a quarter of last year's, and the actual growth of fleet this year remained unchanged from last year. There is still oversupply in shipping market. The market prediction and statistics from vessel broker companies expect the demand of dry bulk marine transportation can reach a growth of approximately 3% this year, as compared to the growth of fleet size of approximately 2%. The oversupply of vessels is expected to continue to be alleviated.

Given the slow global economic growth, though the estimated economic growth for 2018 by the International Monetary Fund ("IMF") was 3.7%, the annual growth of demand in the dry bulk marine transportation was only 3%, which could not alleviate the situation of the oversupply of vessel. The favourable factor in the spot freight market is that China's import volume of dry bulk cargoes is relatively large and has maintained its substantial actual growth this year. China's import volume of iron ore and coal has been over 0.8 billion tons and 0.22 billion tons from January to September, respectively. Besides, the import volume of soybean and grains was basically unchanged from last year with a total of approximately 87.74 million tons. The upward trends of import volume of iron ore, coal, soybean and grains made significant contribution to the stability of dry bulk marine transportation market, and also maintained and promoted the stability and rebound of the spot freight.

Business Review

The Group's vessels were under sound operation for the six months ended 30 September 2018. Currently, the fleet size of the Group is 319,923 dwt, and the average age of the fleet is approximately 12 years. The fleet maintained a high operational level with an occupancy rate of approximately 99.7% for the six months ended 30 September 2018. The average daily charter hire income of the vessels was approximately US$11,596, representing an increase of US$2,834 per day as compared to the corresponding period last year, with a growth rate of approximately 32%, 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 this year with zero adverse incident. All freight rate and charter hire 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

In the fourth quarter of 2018, the seasonal rise in dry bulk cargo market has been evident, and spot freight is in a higher level and is expected to rise further. China's import of iron ore is expected to remain high, and China's coal import is expected to increase further, all of which will support and help to stabilise and further promote the spot freight. 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 momentum will last for a longer period. Although there is an alleviation in the oversupply condition in the vessel market, there is no fundamental change to such condition. The growth of dry bulk fleet is expected to be approximately 2%, while the growth of dry bulk marine transportation is predicted to be approximately a mere 3% this year. Therefore, the current supply glut of dry bulk vessels will remain and the spot freight market will continue to be operated under the pressure of excess supply of vessels. The forecast from IMF on the global economic growth in 2018 is 3.7%, which remains the same as last year; while the international trade volume growth is predicted to increase by 4.4%, which is lower than that of last year. Both of the two indices were adjusted lower in the report of October. We hope that the growth of demand for marine transportation can be further pushed forward by the economic growth. 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

MANAGEMENT DISCUSSION AND ANALYSIS

shipping market and to the change in the oversupply of vessels. The transactions of the vessel chartering market are active and the transaction volume has also increased. Both cargo owners and charterers are balancing their own cargo demand and controlling their risks by limiting transportation capacity. It is expected to pose a positive effect on the spot freight market in the future.

According to statistics and forecast from shipping broker companies, the import volume of major dry bulk cargoes in China such as iron ore and coal is forecasted to increase by 1% and 10% respectively this year, which is expected to support the stability and growth of the spot freight this year. Meanwhile, China will import more bulk grains from South America, which provides a better support to the marine transportation demand for panamax vessels.

Given the fluctuation in spot freight market, the Group will maintain its prudent operating strategies by enhancing the daily management of vessels, providing better transportation services to customers and seeking for more reputable and reliable charterers at higher rates, thus generating more operational income for the Company. Meanwhile, the Group will strictly control operating costs and reduce all unnecessary expenses.

On 10 May 2016, Top Build holds indirectly through its subsidiaries 91% interest in a company in the PRC which holds the Land in Haikou. The Haikou local government subsequently rearranged its plans on the surroundings and ancillary facilities of the Lands held by the Group in Haikou.

On 11 October 2018, the Company and two individuals entered into a memorandum of understanding (the "MOU") in relation to the proposed investment by the Group in the online hospitality services, online travel transaction services and real estate agency services business in Hainan, the PRC.

Driven by the strong economic growth and development in the PRC, the increase in population in Hainan and the limited supply of residential property due to government policy, the land premium and prices of real estates in Hainan had increased substantially in recent years. To capture the opportunities prompted by the increase in demand of residential property, the Group plans to develop its property development project into a "cultural and tourism real estate" project (the "Project") for the development of villas, loft apartment, low density villas, retail, carpark and other ancillary facilities with approximately 130,000 square meters. As the Haikou local government has finalized its plans, the Project is currently under the procedure of construction application.

With the integration "Quartet Five Ports (四方五港)" in Hainan, the proposed development of intra-island high speed train services, upgrade of four major airports, development of 11 artificial islands for tourism, five theme parks and the expected development of horse-racing events in Hainan, the Directors consider the transaction contemplated under the MOU as an opportunity for the Group to broaden its income spectrum on one hand, and believe that the hospitality, tourism-related and real estate agency business can create a synergy effect with the property development project of the Group in Hainan on the other hand. Please refer to the announcement of the Company dated 11 October 2018 for further details.

Financial Review

Revenue

Marine transportation demand experienced relatively stable growth during the six months ended 30 September 2018. The revenue of the Group followed the growth trend in the freight market and increased from about US$6.3 million for the six months ended 30 September 2017 to about US$8.2 million for the six months ended 30 September 2018, representing an increase of about US$1.9 million, or about 31.7%. The average Daily TCE of the Group's fleet increased from approximately US$8,800 for the six months ended 30 September 2017 to approximately US$11,600 for the six months ended 30 September 2018.

Cost of services

Cost of services of the Group decreased from about US$4.8 million for the six months ended 30 September 2017 to about US$4.3 million for the six months ended 30 September 2018, representing a decrease of approximately US$0.5 million. Our cost control strategy was efficiently working such that most direct costs were keeping in minimal increase. At the same time, benefit from the recovery in bunker market price, the mark to market gain of bunker inventory has far above the increase in operating cost.

Gross profit

Gross profit further improved from about US$1.4 million for the six months ended 30 September 2017, to gross profit amount to about US$3.9 million for the six months ended 30 September 2018, representing an increase of approximately US$2.5 million, while the gross profit margin improved from approximately 22.9% for the six months ended 30 September 2017 to approximately 47.6% for the six months ended 30 September 2018.

General and administrative expenses

General and administrative expenses of the Group increased from approximately US$1.4 million for the six months ended 30 September 2017 to approximately US$1.5 million for the six months ended 30 September 2018, representing an increase of approximately US$0.1 million or approximately 7.4%. 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$2.7 million for the six months ended 30 September 2017 to approximately US$2.9 million for the six months ended 30 September 2018, representing an increase of approximately US$0.2 million or approximately 9.9%. Such increase was mainly attributable to the increase in loan from the ultimate holding company.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit/(loss) for the period

The Group turned to a profit of approximately US$11.6 million for the six months ended 30 September 2018 as compared with a loss of approximately US$1.9 million for the six months ended 30 September 2017. Such turn around was mainly due to (i) the recovery of the operating environment of the global bulker shipping market. Due to the rise in dry bulk cargo market and the PRC's import of coal, the spot freight rate has increased. Revenue from spot freight has increased accordingly; and (ii) the reversal of the impairment losses of the Group's vessels as a result of the recovery in the marine transportation industry.

Liquidity, financial resources, capital structure and gearing ratio

As at 30 September 2018, the Group's cash and cash equivalent amounted to approximately US$1.6 million (as at 31 March 2018: approximately US$1.0 million), of which approximately 75.0% was denominated in US$, approximately 23.0% in HK$ and approximately 2.0% was denominated in RMB. Outstanding bank loans amounted to approximately US$25.1 million (as at 31 March 2018: approximately US$28.8 million) and other borrowings amounted to approximately US$49.8 million (as at 31 March 2018: approximately US$52.5 million), which were denominated in US$.

As at 30 September 2018 and 31 March 2018, 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 56.0% and 63.8% respectively. The decrease in gearing ratio as at 30 September 2018 was mainly due to the appreciation of investment property, the reversal of impairment loss of the Group's vessels, the repayment of bank loans and the conversion of entire principle amount of First Convertible Bonds into shares.

The Group recorded net current liabilities of about US$15.2 million as at 30 September 2018 and approximately US$18.8 million as at 31 March 2018. It was mainly due to the entire principle amount of First Convertible Bonds due in 2018 amounted to US$3.0 million (at 31 March 2018: approximately US$3.0 million) was being converted into shares during the six months ended 30 September 2018.

On 17 November 2017, certain members of the Group has entered into a new bank borrowing agreement of US$20.0 million (i.e. the GH FORTUNE/GLORY/HARMONY Loan) to refinance the Group's bank borrowings of three vessels, namely, GH FORTUNE, GH GLORY and GH HARMONY. After the drawdown of GH FORTUNE/GLORY/HARMONY Loan, the GH FORTUNE/GH PROSPERITY Loan, the GH GLORY Loan and the GH HARMONY Loan was fully repaid. The principal amount of the GH FORTUNE/GLORY/HARMONY Loan shall be repaid in five years. Principal amount of approximately US$16.0 million were classified as non-current liability as at 31 March 2018. The GH FORTUNE/GLORY/HARMONY Loan is also subject to compliance of certain restrictive financial undertakings for which the Group will continue to monitor.

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 2018.

The Group monitors the current and expected liquidity requirements regularly to mitigate the effects of fluctuations in cash flows. The Company has entered into four loan facility agreements, namely the First Facility, the Second Facility, the Third Facility and the Fourth Facility. The full loan amount had been drawn down by the Company under the First Facility, the Second Facility, the Third Facility and the Fourth Facility. The First Facility was repayable on or before 27 April 2017, the Second Facility will be repayable on or before 18 January 2019, the Third Facility will be repayable on or before 11 April 2019 and the Fourth Facility will be repayable on or before 16 January 2020 respectively. These loan facilities were unsecured and carried an interest of 4% per annum. As at 30 September 2018, the drawn amount under the First Facility had been fully repaid by the Company. The drawn amount under Second Facility, Third Facility and Fourth 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, the Third Facility and the Fourth 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 30 March 2018, the Company entered into a deed of funding undertakings. 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 fifteen months of the date of the deed. The undertakings shall cease to have effect after fifteen months from the date of the deed or upon the Company or any member of the Group having obtained long-term external bank borrowings or other sources of long-term financing with a principal amount of not less than US$30 million, whichever is the earlier. The other terms included in the deed dated 29 September 2017 were included in this deed and remained the same. The deed entered on 29 September 2017 were superseded by this deed, and had ceased to be effective from 30 March 2018.

On 30 September 2018, the Company entered into a deed of funding undertakings. 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 fifteen months of the date of the deed. The undertakings shall cease to have effect after fifteen 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 above deed entered on 30 March 2018 was superseded by this deed, and had ceased to be effective from 30 September 2018.

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$3.0 million, 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 31 August 2018, the entire principal amount of the First Convertible Bonds was 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.

As announced by the Company on 10 May 2016, completion of the acquisition of the entire issued share capital of Top Build took place on 10 May 2016 and the Top Build Convertible Bonds for the aggregate principal amount of US$54.0 million were issued.

As at 30 September 2018, the entire principal amount of the Top Build Convertible Bonds remained outstanding.

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.

The Group has not entered into any arrangements to hedge for the future fluctuations of London Interbank offered rate or cost of fund arising from the Group's variable-rate borrowings.

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

Pursuant to Rule 13.18 of the Listing Rules, a general disclosure obligation will arise where an issuer or any of its subsidiaries enters into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholders, such as a requirement to maintain a specified minimum holding in the share capital of the issuer. As at 30 September 2018, the Group recorded outstanding bank loans of about US$25.1 million and all the bank loans carried interest at floating rate. The bank loans, namely the GH POWER Loan and the GH FORTUNE/GLORY/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.

The Directors have confirmed that, save as disclosed above, as at the date of this 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 2018, the Group had pledged the following assets to banks as securities against banking facilities granted to the Group:

	30 September 2018 US$'000 (Unaudited)	31 March 2018 US$'000 (Audited)
Property, plant and equipment	59,508	47,755
Pledged bank deposits	6,398	6,782
	65,906	54,537

Contingent liabilities

For the six months ended 30 September 2018, the Inland Revenue Department ("IRD") of Hong Kong is in the process of tax review of a subsidiary of the Group for the year of assessments 2010/2011 and 2011/2012.

After taking into account the recent developments of IRD's review, the Directors consider that the Group's taxation charges as at 30 September 2018 are adequate and fairly presented. If the final outcome of IRD's review is different from the Directors' expectation, further provision for tax and any related surcharges may be required. The Group has been closely monitoring the status of IRD's review and will revise their expectations when preparing future financial statements in the future periods if necessary.

Save as disclosed above, the Group had no other material contingent liabilities as at 30 September 2018.

Interim dividend

The Board does not recommend any interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: 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 2018.

Employees' remuneration and retirement scheme arrangements

As at 30 September 2018, the Group had a total of 94 employees (as at 30 September 2017: 95 employees). For the six months ended 30 September 2018, the total salaries and related costs (including Directors' fees) amounted to approximately US$2.3 million (as at 30 September 2017: 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 57, is the chairman of the Company, an executive Director and the co-founder of the Group. Mr. Yan is the spouse of Ms. Lam. Mr. Yan is primarily responsible for the operation of the Board and is the key decision-maker of the Group. He is responsible for the Group's overall strategic planning and the management and development of the Group's businesses. Mr. Yan is also a director of each of the subsidiaries of the Company. Mr. Yan is an experienced entrepreneur and has extensive experience in the marine transportation industry and in the investment, development, production, processing, operation and trading of the mining and steel industry. Mr. Yan was appointed as Justice of Peace and was granted a Doctor of Philosophy Honoris Causa from Lansbridge University, Canada. He was also honoured as World Outstanding Chinese in 2010. He is currently a director of Adex Mining Inc. (TSXV Stock code: ADE), a company listed on the TSX Venture Exchange in Canada. He is 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 51, 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 62, has been serving as an executive Director of the Company since June 2010. Mr. Cao is responsible for the operational management of the Group's shipping business. Mr. Cao has more than 36 years of experience in the marine transportation industry. Mr. Cao has been a captain of ocean-going cargo ships since around 1982. Before joining the Group, he had worked for 廣州海順船務有限公司 (Guangzhou Hai Shun Shipping Corporation) as a captain from 1985 to 1989. Mr. Cao also worked for Hong Kong Ming Wah Shipping Company Limited as an operator, chartering member, deputy manager, manager and vice-president from 1989 to 2000. He had also held management position as a manager at Valles Steamship Company Limited from 2001 to 2002. Mr. Cao completed the training course for international shipping professional education and obtained a certificate of completion from 上海海運學院 (Shanghai Maritime Institute) in December 1991 through long distance learning, and graduated from Murdoch University with a Master degree of Business Administration in March 1999. Mr. Cao had also been a captain as recognised by the Maritime Affairs Inspection Bureau of the PRC, the Directorate General of Consular and Maritime Affairs of The Republic of Panama and the Bureau 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 67, 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), and a company listed on the GEM of the Stock Exchange, namely Zhuoxin International Holdings Limited (formerly known as Gold Tat Group International Limited) (Stock Code: 8266). 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 61, 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 64, 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 47, is the vice general manager of the Group. Mr. Sung is responsible for the operational management of the Group's shipping business. 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 39, has been the chief financial officer and company secretary of the Company since November 2017. Mr. Chan is responsible for the corporate finance, investor relations, financial management and company secretarial matters of the Company. Mr. Chan was a qualified member of the Hong Kong Institute of Certified Public Accountants in September 2005 and was admitted as a fellow of the Association of Chartered Certified Accountants in November 2009. He 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. Mr. Chan has extensive 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 2018, 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 10)*
Mr. Yan	Interest of controlled corporation *(Note 2)*	665,391,013 (L)	—	69.90%
	Beneficial owner *(Note 3)*	—	2,100,000 (L)	0.22%
	Family interest *(Note 3)*	—	2,100,000 (L)	0.22%
	Family interest *(Note 4)*	727,500 (L)	—	0.08%
	Beneficial owner and interest of spouse *(Note 5)*	—	381,843,064 (S)	40.11%
Ms. Lam	Interest of controlled corporation *(Note 2)*	665,391,013 (L)	—	69.90%
	Beneficial owner *(Note 3)*	—	2,100,000 (L)	0.22%
	Beneficial owner *(Note 4)*	727,500 (L)	—	0.08%
	Family interest *(Note 3)*	—	2,100,000 (L)	0.22%
	Beneficial owner and interest of spouse *(Note 5)*	—	381,843,064 (S)	40.11%
Mr. Cao Jiancheng	Beneficial owner *(Note 6)*	—	4,300,000 (L)	0.45%
Mr. Cheung Kwan Hung	Beneficial owner *(Note 7)*	—	800,000 (L)	0.08%
Dr. Chan Chung Bun, Bunny	Beneficial owner *(Note 8)*	—	800,000 (L)	0.08%
Mr. Wai Kwok Hung	Beneficial owner *(Note 9)*	—	300,000 (L)	0.03%

Notes:

(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 665,391,013 Shares were held by Ablaze Rich, of which 19,763,513 Shares represented the conversion shares which have been 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 on 31 August 2018, at a conversion price of HK$1.184 per Conversion Share, at the exchange rate of HK$7.8 to US$1.0. As the entire issued share capital of Ablaze Rich 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 2018. 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 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.

(6) 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. 4,300,000 share options remained outstanding as at 30 September 2018.

(7) 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 2018.

(8) 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 2018.

(9) 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 2018.

(10) The percentage is calculated on the basis of 951,983,513 Shares in issue as at 30 September 2018.

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 2018, 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 2018, 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 5)*
Ablaze Rich	Beneficial owner *(Note 2)*	665,391,013 (L)	—	69.90%
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	—	9.56%
Sfund	Beneficial owner *(Note 3)*	—	381,843,064 (L)	40.11%
China Shandong Hi-Speed Financial Group Limited ("CSFG")	Interest of controlled corporation *(Note 4)*	70,000,000 (L)	—	7.35%

Notes:

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

(2) These 665,391,013 Shares were held by Ablaze Rich, of which 19,763,513 Shares represented the conversion shares which have been 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 on 31 August 2018, at a conversion price of HK$1.184 per Conversion Share, at the exchange rate of HK$7.8 to US$1.0.

(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 (廣州匯垠天粵股權投資基金管理有限公司) ("Guangzhou Huiyin"), which was owned as to 5% by Guangzhou Industry Investment Fund Management Co., Ltd (廣州產業投資基金管理有限公司) ("Guangzhou Industry Investment") and as to 95% owned by Guangzhou Technology Financial Innovation Investment Holdings Limited (廣州科技金融創新投資控股有限公司) ("Guanzhou Technology Financial Holdings"). Guangzhou Technology Financial Holdings was wholly owned by Guangzhou Industry Investment, which was wholly owned by Guangzhou City Construction Investment Group Company Limited (廣州市城市建設投資集團有限公司) ("Guangzhou City Construction Investment"). Each of Guangzhou Huiyin, Guangzhou Industry Investment, Guangzhou Technology Financial Holdings and Guangzhou City Construction Investment was deemed to be interested in all the Shares in which Sfund is interested by virtue of the SFO.

(4) Based on the disclosure of interests form submitted by CSFG, the long positions are held through certain corporations controlled by CSFG.

(5) The percentage is calculated on the basis of 951,983,513 Shares in issue as at 30 September 2018.

Save as disclosed above, as at 30 September 2018, 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 8.72% of the shares in issue as at the date of this interim report (the "General Scheme Limit"). The General Scheme Limit is also subject to the Overriding Limit, the refreshment of the General Scheme Limit (as described below) and the grant of share options beyond the General Scheme Limit (as described below).

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

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

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

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

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

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

During the six months ended 30 September 2018, movements of the share options granted under the Share Option Scheme are summarized as follows:

					Number of share options					
List of grantees	Date of grant	Exercise period	Closing price per Share immediately before the date of grant HK$	Exercise price per share HK$	Outstanding as at 1 April 2018	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 September 2018
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	1,000,000	—	(1,000,000)	—	—	—
	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
					7,300,000	—	(3,000,000)	—	—	4,300,000
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					13,400,000	—	(3,000,000)	—	—	10,400,000
Employees	21 October 2011	21 October 2012–20 October 2021	$1.15	$1.15	—	—	—	—	—	—
	21 October 2011	21 October 2013–20 October 2021	$1.15	$1.15	400,000	—	(400,000)	—	—	—
	21 October 2011	21 October 2014–20 October 2021	$1.15	$1.15	500,000	—	(300,000)	—	—	200,000
	30 April 2015	30 April 2015–29 April 2025	$1.15	$1.20	1,000,000	—	(500,000)	—	—	500,000
Sub-total					1,900,000	—	(1,200,000)	—	—	700,000
Others	30 April 2015	30 April 2015–29 April 2025	$1.15	$1.20	2,230,000	—	(1,650,000)	—	—	580,000
Sub-total					2,230,000	—	(1,650,000)	—	—	580,000
Total					17,530,000	—	(5,850,000)	—	—	11,680,000

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 2018, 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 2018.

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 2018

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 2018 with Directors. The unaudited condensed consolidated interim 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 2018.

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

Hong Kong, 28 November 2018

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

羅兵咸永道

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

Introduction

We have reviewed the interim financial information set out on pages 31 to 66, 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 2018 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

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

Report on Review of Interim Financial Information

Emphasis of Matter

We draw your attention to Note 2.1 to the interim financial information, which states that the Group's current liabilities exceeded its current assets by US$15,159,000 as at 30 September 2018, which included borrowings and loans of US$17,060,000 repayable within one year, while the Group's cash and cash equivalents balance was US$1,554,000. These conditions, as set forth in Note 2.1 to the interim 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 modified in respect of this matter.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 28 November 2018

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2018

	Note	Unaudited Six months ended 30 September 2018 US$'000	2017 US$'000
Revenue	6	**8,235**	6,252
Cost of services		**(4,319)**	(4,819)
Gross profit		**3,916**	1,433
Other (losses)/gains — net	7	**(658)**	998
Other income		**43**	21
Reversal of impairment loss on property, plant and equipment	13	**13,000**	—
General and administrative expenses		**(1,547)**	(1,440)
Operating profit	8	**14,754**	1,012
Finance income		**5**	—
Finance expenses		**(2,940)**	(2,676)
Finance costs — net	9	**(2,935)**	(2,676)
Profit/(loss) before income tax		**11,819**	(1,664)
Income tax expense	10	**(180)**	(225)
Profit/(loss) for the period		**11,639**	(1,889)
Profit/(loss) attributable to:			
— Owners of the Company		**11,627**	(1,918)
— Non-controlling interests		**12**	29
		11,639	(1,889)
Other comprehensive income/(loss) for the period			
Items that may be reclassified to profit or loss			
Currency translation differences		**(4,098)**	1,711
Total comprehensive income/(loss) for the period		**7,541**	(178)
Total comprehensive income/(loss) attributable to:			
— Owners of the Company		**7,899**	(361)
— Non-controlling interest		**(358)**	183
		7,541	(178)
Earnings/(loss) per share attributable to owners of the Company			
— Basic earnings/(loss) per shares	11(a)	**US1.25 Cents**	(US0.21 Cents)
— Diluted earnings/(loss) per shares	11(b)	**US1.03 Cents**	(US0.21 Cents)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Note	Unaudited 30 September 2018 US$'000	Audited 31 March 2018 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	59,625	47,906
Investment properties	14	64,281	69,528
Pledged bank deposits		2,078	2,048
		125,984	119,482
Current assets			
Trade and other receivables	15	2,122	1,980
Pledged bank deposits		4,320	4,734
Cash and cash equivalents		1,554	1,054
		7,996	7,768
Total assets		133,980	127,250
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	1,220	1,188
Reserves		32,487	18,144
		33,707	19,332
Non-controlling interest		3,932	4,290
Total equity		37,639	23,622
LIABILITIES			
Non-current liabilities			
Borrowings and loans	17	15,966	20,581
Convertible bonds	19	41,940	39,998
Deferred income tax liabilities	18	15,280	16,526
		73,186	77,105
Current liabilities			
Other payables and accruals	20	6,095	5,856
Borrowings and loans	17	17,060	15,944
Convertible bonds	19	—	4,723
		23,155	26,523
Total liabilities		96,341	103,628
Total equity and liabilities		133,980	127,250

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	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$'000	Accumulated loss US$'000	Total US$'000	Non-controlling interest US$'000	Total equity US$'000
Balance at 1 April 2018	1,188	47,752	38,954	1,096	(63,808)	13,636	(567)	(18,919)	19,332	4,290	23,622
Comprehensive income											
Profit for the period	—	—	—	—	—	—	—	11,627	11,627	12	11,639
Other comprehensive loss											
Currency translation differences	—	—	—	—	—	—	(3,728)	—	(3,728)	(370)	(4,098)
Total comprehensive (loss)/income	—	—	—	—	—	—	(3,728)	11,627	7,899	(358)	7,541
Transactions with owners, recognised directly in equity											
Employee share option scheme:											
— Exercise of share options	7	1,228	—	(359)	—	—	—	—	876	—	876
Conversion of convertible bond	25	5,575	—	—	—	—	—	—	5,600	—	5,600
Total transactions with owners	32	6,803	—	(359)	—	—	—	—	6,476	—	6,476
Balance at 30 September 2018	1,220	54,555	38,954	737	(63,808)	13,636	(4,295)	(7,292)	33,707	3,932	37,639

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

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2018

	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$'000	Accumulated loss US$'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)/income											
(Loss)/profit for the period	—	—	—	—	—	—	—	(1,918)	(1,918)	29	(1,889)
Other comprehensive income											
Currency translation differences	—	—	—	—	—	—	1,557	—	1,557	154	1,711
Total comprehensive income/(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
Total transactions with owners	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 interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	Unaudited Six months ended 30 September	
	2018 US$'000	2017 US$'000
Cash flows from operating activities		
Profit/(loss) before income tax	11,819	(1,664)
Adjustments for:		
— Finance income	(5)	—
— Finance cost	2,940	2,676
— Depreciation	1,269	1,260
— Fair value changes in interest rate swap	—	(31)
— Fair value changes in convertible bonds	1,379	(68)
— Fair value changes in investment properties	(721)	(899)
— Reversal of impairment loss on property, plant and equipment	(13,000)	—
Changes in working capital:		
— Trade and other receivables	(153)	525
— Other payables and accruals	739	1,448
Net cash generated from operating activities	4,267	3,247
Cash flows from investing activities		
Finance income	5	—
Addition of property, plant and equipment	—	(164)
Addition of investment properties	(31)	(375)
Net cash used in investing activities	(26)	(539)
Cash flows from financing activities		
Proceeds from exercise of share options	876	1,007
Interest paid	(1,324)	(669)
Inception of loan from ultimate holding company	—	4,000
Repayments of loan from ultimate holding company	—	(1,000)
Repayments of bank borrowings	(3,675)	(3,511)
Increase/(decrease) in pledged bank deposits	384	(926)
Net cash used in financing activities	(3,739)	(1,099)
Net increase in cash and cash equivalents	502	1,609
Cash and cash equivalents at beginning of the period	1,054	266
Exchange losses on cash and cash equivalents	(2)	(305)
Cash and cash equivalents at end of the period	1,554	1,570

The accompanying notes are an integral part of this condensed consolidated interim 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 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 2018 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 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2.1 Going concern basis

As at 30 September 2018, the Group's current liabilities exceeded its current assets by US$15,159,000 which included borrowings and loans of US$17,060,000 repayable within one year, while the Group's cash and cash equivalents balance was US$1,554,000.

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 2018. 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 twelve months from 30 September 2018:

(i) On 30 March 2018, 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 the 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 30 September 2018 to extend the period of funding notice to 31 December 2019. The above deed entered on 30 March 2018 was superseded by this renewal deed, and had ceased to be effective on 30 September 2018.

2 Basis of preparation (Continued)

2.1 Going concern basis (Continued)

(i) (Continued)

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, the ultimate holding company and the Guarantors, but in any event shall only be repaid after at least twelve months from the funding draw down date.

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

As at 30 September 2018, the Group had a total of US$4,500,000 of loan from the ultimate holding company under the terms of the deed, of which US$3,000,000 is scheduled to be repaid in April 2019 and the remaining is scheduled to be repaid in January 2020. The amount of available funding under the deed of funding undertakings was US$25,500,000 as at 30 September 2018.

(ii) In respect of the bank borrowing of approximately US$7,615,000 which will mature in February 2019, the directors plan to negotiate with the bank to extend the bank borrowing as and when needed.

(iii) The Group does not have any significant capital or other commitment as at 30 September 2018. 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 significant commitment for capital expenditure of such developments at this stage and no significant expenditures in relation to such development will be committed by the Group before securing the necessary funding.

(iv) 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 twelve months from 30 September 2018. 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 exists 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 following:

(i) Whether the ultimate holding company and the Guarantors will be able to provide further funding advance of up to US$25,500,000 to the Group as and when needed which will be repayable beyond twelve months from 30 September 2018;

(ii) If necessary, whether the Group can successfully negotiate with the bank to extend the bank borrowing which will mature in February 2019;

(iii) Whether the Group can successfully apply for the land development approval for the Group's investment properties development in Hainan and successfully raise financing as and when required for the development of the investment properties; and

(iv) Whether the Group can obtain 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

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax and the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

Annual Improvements Projects HKFRS 1 and HKAS 28	Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Clarification to HKFRS 15
Amendments to HKAS 40	Investment Property
HK (IFRIC) Int-22	Foreign Currency Transactions and Advance Consideration

The adoption of the above new standards, amendments, improvement and interpretation to existing HKFRSs do not have a material impact on the Group, except for HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers as set out in Note 3(c).

3 Accounting policies (Continued)

(b) New and amended standards not yet effective for the financial year beginning on 1 April 2018 and have not been early adopted by the Group

		Effective for accounting periods beginning on or after
Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23	Annual improvements 2015–2017 Cycle	1 April 2019
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement	1 April 2019
Amendments to HKFRS 9	Prepayment Features with Negative Compensation	1 April 2019
Amendments to HKAS 28	Interests in Associates and Joint Ventures	1 April 2019
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments	1 April 2019
HKFRS 16	Leases	1 April 2019
HKFRS 17	Insurance Contracts	1 April 2021
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

The Group will apply these standards, interpretation and amendments to existing standards as and when they become effective. The Group has already commenced an assessment of the related impact to the Group and it is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted, except for the below new standard:

HKFRS 16 "Leases"

HKFRS 16 "Leases" was issued in January 2016. It will result in almost all leases being recognised on the condensed consolidated statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard will affect primarily the accounting for the Group's operating leases. As at 30 September 2018, the Group has non-cancellable operating lease commitments of US$643,000. 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 April 2019. The Group does not intend to adopt the standard before its effective date.

3 Accounting policies (Continued)

(c) Changes in accounting policies

(i) HKFRS 9 Financial Instruments — Impacts of adoption

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 Financial Instruments from 1 April 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 3(c)(ii) below. In accordance with the transitional provision in HKFRS 9, comparative figures have not been restated. There is no impact on classification on financial assets and financial liabilities from adoption of HKFRS 9.

The Group applies the simplified approach permitted by HKFRS 9 for trade and other receivables, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The results of the revision at 1 April 2018 have not resulted in any material change in impairment provision or any material impact on the carrying amount of the Group's trade and other receivables.

(ii) HKFRS 9 Financial Instruments — Accounting policies applied from 1 April 2018

Equity investments and other financial assets

Classification and measurement

From 1 April 2018, the Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value either through other comprehensive income ("FVOCI"); or through profit or loss ("FVPL"), and

- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual term of the cash flows.

For assets measured at fair value, gain and loss will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

3 Accounting policies (Continued)

(c) Changes in accounting policies (Continued)

(ii) HKFRS 9 Financial Instruments — Accounting policies applied from 1 April 2018 (Continued)

Equity investments previously classified as available-for-sale

The Group subsequently measures all equity investments at fair value. Where the Group has elected to present fair value gain and loss on equity investment in OCI, there is no subsequent reclassification of fair value gain and loss to profit or loss following the derecognition of the investments. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at financial assets at fair value through profit or loss are recognised in other income/(expenses) in the condensed consolidated statement of comprehensive income as applicable. Impairment loss (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets

From 1 April 2018, the Group assesses on a forward looking basis the expected credit losses associated depends on whether there has been a significant increase in credit risk. For trade and other receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iii) HKFRS 15 Revenue of Contracts from Customers — Impact of adoption

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 April 2018. In accordance with the transition provisions in HKFRS 15, the comparative information for prior periods is not restated, the Group recognises the cumulative effect of initial applying the guidance as adjustments to the opening balance of accumulated losses on 1 April 2018, and the Group applies the new guidance only to contracts that are not yet completed on that date.

3 Accounting policies (Continued)

(c) Changes in accounting policies (Continued)

(iii) HKFRS 15 Revenue of Contracts from Customers — Impact of adoption (Continued)

Presentation of contract assets and contract liabilities

Reclassifications were made as at 1 April 2018 to be consistent with the terminology used under HKFRS 15:

- Contract liabilities relating to advance from customers with contracts were previously included in trade and other payables.

Revenue for time charter is one performance obligation per shipment, which is rendered on a period-related basis, i.e. for the duration of transport. Since revenue from time charter is already recognised and categorized on a period-related basis, the first time application of HKFRS 15 has not had any significant effects in relation to the revenue recognition. A contract liability (included in trade and other payables) is recognised for the advance from customers with contracts.

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 2018.

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 2018.

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

5.2 Cash flow and fair value interest rate risk

Financial instruments at fixed and variable rates expose the Group to fair value interest rate risk and cash flow interest rate risk respectively. The Group is exposed to interest rate risk arising from bank borrowings.

Bank borrowings issued at floating rate expose the Group to cash flow interest rate risk due to fluctuations of London Interbank Offered rate ("LIBOR").

Except for the loan 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 flow 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 2018, 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$45,000 (six months ended 30 September 2017: US$30,000), mainly as a result of fluctuation on interest expenses on floating rate bank borrowings.

Notes to the Condensed Consolidated Interim Financial Information

5 Financial risk management and financial instruments (Continued)

5.3 Liquidity risk

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. 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 2018				
Borrowings and loans	**17,060**	**4,654**	**11,312**	**33,026**
Interest on borrowings and loans	**1,146**	**787**	**1,048**	**2,981**
Convertible bonds and interest payable	**—**	**—**	**54,000**	**54,000**
Other payables and accruals	**5,792**	**—**	**—**	**5,792**
At 31 March 2018				
Borrowings and loans	15,944	7,711	12,870	36,525
Interest on borrowings and loans	1,339	785	1,240	3,364
Convertible bonds and interest payable	3,600	—	54,000	57,600
Other payables and accruals	5,730	—	—	5,730

5 Financial risk management and financial instruments (Continued)

5.4 Fair value measurement of financial instruments

The following table presents the Group's financial liabilities that are measured at fair value at 30 September 2018.

	Level 1 US$'000	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
Liabilities				
Convertible bonds — derivative component	—	—	—	—

The following table presents the Group's financial liabilities that are measured at fair value at 31 March 2018.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Liabilities				
Convertible bonds — derivative component	—	1,221	—	1,221

(a) Fair value hierarchy

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.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted marked price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

5 Financial risk management and financial instruments (Continued)

5.4 Fair value measurement of financial instruments (Continued)

(b) Valuation techniques used to determine fair value

Specific valuation techniques used to value financial instruments include:

- Quoted market price or dealer quotes for similar instruments.

- The fair value of remaining financial instruments are fair valued using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices of other quoted financial instruments of the counterparties.

(c) Valuation process

The Group's finance department reviews the valuations of financial instruments that are stated at fair value and involves independent valuer to perform the valuations that are required for financial reporting purposes.

Changes in level 2 fair values are analysed at the end of each reporting period during the half-yearly valuation, results are then reported to the chief financial officer and group senior management and board of directors for discussion in relation to the valuation processes and the reasonableness of the valuation results.

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

The fair value of the trade and other receivables, pledged bank deposits, cash and cash equivalents, other payables and accruals as at 30 September 2018 approximate their carrying amounts due to their short term maturities.

The fair value of the bank borrowings as at 30 September 2018 approximate their carrying amounts as they bear interest at floating rates that are market dependent.

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

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports on components of the Group that are regularly reviewed by the CODM (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 2018				
Revenue	8,235	—	—	8,235
Segment profit/(loss)	13,896	(1,634)	(443)	11,819
Depreciation	(1,246)	(22)	—	(1,268)
Finance income	5	—	—	5
Finance cost	(848)	(1,942)	(150)	(2,940)

6 Revenue and segment information (Continued)

(a) Segment revenue, results and other information (Continued)

	Chartering of vessels US$'000	Property investment and development US$'000	Others US$'000	Total US$'000
Six months ended 30 September 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)

(b) Segment assets

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

	Chartering of vessels US$'000	**Property investment and development** US$'000	**Others** US$'000	**Total** US$'000
As at 30 September 2018				
Segment assets	**69,104**	**64,553**	**323**	**133,980**
As at 31 March 2018				
Segment assets	57,275	69,826	149	127,250

(c) Geographical information

Due to the nature of the provision of vessel chartering services, which is 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 (losses)/gains — net

	Six months ended 30 September	
	2018	2017
	US$'000	US$'000
Fair value (losses)/gains on:		
— Investment properties	**721**	899
— Convertible bonds	**(1,379)**	68
— Interest rate swap	**—**	31
	(658)	998

8 Operating profit

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

	Six months ended 30 September	
	2018	2017
	US$'000	US$'000
Depreciation of property, plant and equipment (Note 13)	**1,268**	1,260
Crew expenses (included in cost of services)	**1,552**	1,551
Operating lease rental for land and building	**215**	280
Employee benefit expenses (including directors' emoluments)		
Fee, salaries and other benefit costs	**729**	680
Pension costs	**31**	11

9 Finance costs — net

	Six months ended 30 September	
	2018 US$'000	2017 US$'000
Finance income		
Bank interest income	5	—
Finance expenses		
Interest expense on borrowings and loans	(855)	(701)
Arrangement fee on bank borrowings	(37)	(61)
Interest expense on convertible bonds (Note 19)	(2,048)	(1,878)
Interest expense on derivative financial instruments	—	(36)
	(2,940)	(2,676)

10 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2017: 16.5%) on the estimated assessable profit for the six months ended 30 September 2018. The subsidiary established in the PRC is subject to corporate income tax rate of 25% (six months ended 30 September 2017: 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	
	2018 US$'000	2017 US$'000
Current income tax		
— Hong Kong profits tax	—	—
Deferred income tax	180	225
Income tax expense	180	225

11 Earnings/(loss) per share

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(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	
	2018	2017
	US Cents	US Cents
Basic earnings/(loss) per share attributed to the owners of the Company	**1.25**	(0.21)

(b) Diluted earnings/(loss) per share

	Six months ended 30 September	
	2018	2017
	US Cents	US Cents
Diluted earnings/(loss) per share attributed to the owners of the Company	**1.03**	(0.21)

Diluted earnings/(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. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share prices of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options and convertible bonds. The number of shares calculated is compared with the number of shares that would have been issued assuming the exercise of the share options and convertible bonds.

Diluted loss per share for the six months ended 30 September 2017 equals basic loss per share as the exercise of outstanding share options and convertible bonds would be anti-dilutive.

11 Earnings/(loss) per share (Continued)

(c) Reconciliation of earnings used in calculating earnings per share

	Six months ended 30 September 2018 US$'000
Basic earnings per share	
Profit attributable to the owners of the Company used in calculating basic earnings per share	11,627
Diluted earnings per share	
Profit attributable to the owners of the Company used in calculating basic earnings per share	11,627
Add: interest saving on convertible bonds	1,942
Profit attributable to the owners of the Company used in calculating diluted earnings per share	13,569

(d) Weighted average number of shares used as the denominator

	Six months ended 30 September 2018 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share (thousands)	931,552
Adjustments for calculation of diluted earnings per share	
Share options (thousands)	8,787
Convertible bonds (thousands)	381,843
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share (thousands)	1,322,182

12 Dividends

The board of directors does not recommend the payment of interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: Nil).

13 Property, plant and equipment

	2018 US$'000	2017 US$'000
Six months ended 30 September		
Opening net book amount at 1 April	47,906	50,317
Addition	—	164
Depreciation	(1,268)	(1,260)
Reversal of impairment loss on property, plant and equipment	13,000	—
Exchange reserve	(13)	3
Closing net book amount at 30 September	59,625	49,224

Depreciation expense of approximately US$1,246,000 (six months ended 30 September 2017: US$1,245,000) has been charged in "Cost of services" and US$22,000 (six months ended 30 September 2017: US$15,000) in "General and administrative expenses".

As at 30 September 2018, the Group's property, plant and equipment of US$59,508,000 (31 March 2018: US$47,755,000) was pledged as security for bank borrowings of the Group.

During the period ended 30 September 2018, as indicated by the rebound of the Baltic Dry Index, the dry bulk market recovered considerably. Since the recoverable amounts of the vessels, based on value in use, were higher than their carrying amounts at 30 September 2018, a reversal of impairment loss of US$13,000,000 was recognised in condensed consolidated statement of comprehensive income for the period ended 30 September 2018.

14 Investment properties

	2018 US$'000	2017 US$'000
Six months ended 30 September		
Opening balance at 1 April	69,528	61,282
Additions	31	375
Fair value gain	721	899
Exchange difference	(5,999)	2,444
Closing net book amount at 30 September	64,281	65,000

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 2018 and 31 March 2018.

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

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 2018 using direct comparison method. There were no changes in valuation methodologies during the period.

The significant unobservable inputs include:

Time adjustment:	Based on market trend of similar property between the date of the comparable transaction and the valuation date.
Location adjustment:	Based on the distance 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.

14 Investment properties (Continued)

Unobservable inputs	Range of unobservable input	Relationship of unobservable inputs to fair value
Time adjustment	0% to 10%	The upward market trend will have positive impact on adjustment and thus increase fair value.
Location adjustment	−20% to 10%	The better location will have positive impact on adjustment, thus increase fair value.
Land use right adjustment	−5% to 5%	The better designated use of the property will have positive impact on adjustment, thus increase fair value.
Size adjustment	−5% to 5%	The increase in area will have positive impact on total adjustment, thus increase fair value. However, this may be partially offset by a negative impact on adjustment per unit.

15 Trade and other receivables

	As at 30 September 2018 US$'000	As at 31 March 2018 US$'000
Trade receivables	**1,374**	1,163
Less: Provision for impairment of trade receivables	**(31)**	(31)
Trade receivables — net	**1,343**	1,132
Prepayments and deposits	**653**	718
Other receivables	**118**	122
Other receivables from related parties (Note 23)	**8**	8
	2,122	1,980

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

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

As at 30 September 2018 and 31 March 2018, the ageing analysis of trade receivables based on invoice date was as follows:

	As at 30 September 2018 US$'000	As at 31 March 2018 US$'000
0–30 days	**1,321**	1,108
31–60 days	**—**	—
61–365 days	**6**	21
Over 365 days	**47**	34
	1,374	1,163

Notes to the Condensed Consolidated Interim Financial Information

16 Share capital

	As at			
	30 September 2018		31 March 2018	
	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**	4,000,000	40,000

	Number of shares (thousands)	**Share capital** US$'000
Issued and fully paid:		
At 1 April 2018	**926,370**	**1,188**
Exercise of share options (Note (i))	**5,850**	**7**
Conversion of convertible bond (Note 19(i))	**19,764**	**25**
At 30 September 2018	**951,984**	**1,220**
At 1 April 2017	917,310	1,176
Exercise of share options	6,760	9
At 30 September 2017	924,070	1,185

Note:

(i) The outstanding options were vested and exercisable. Options exercised during the period ended 30 September 2018 resulted in 5,850,000 shares being issued (2017: 6,760,000 shares) being issued at a weighted average exercise price of HK$1.16 (2017: HK$1.16), with exercise proceeds of approximately US$876,000 (2017: US$1,007,000). The related weighted average price at the time of exercise was HK$2.06 (2017: HK$1.37) per share.

17 Borrowings and loans

	As at	
	30 September 2018 US$'000	31 March 2018 US$'000
Non-current		
— Bank borrowing (Note (i))	**14,424**	15,975
— Loans from ultimate holding company (Note (ii))	**1,542**	4,606
	15,966	20,581
Current		
— Bank borrowing (Note (i))	**10,715**	12,813
— Loans from ultimate holding Company (Note (ii))	**6,345**	3,131
	17,060	15,944

Notes:

(i) The bank borrowings bear interest at LIBOR. 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 bear 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 2018, the Group's property, plant and equipment of US$59,508,000 (31 March 2018: US$47,755,000) was pledged respectively as security for bank borrowings of the Group.

Notes to the Condensed Consolidated Interim Financial Information

17 Borrowings and loans (Continued)

Movements in borrowings are analysed as follows:

	Six months ended 30 September	
	2018	2017
	US$'000	US$'000
Opening amount at 1 April	**36,525**	36,733
Addition — loans from ultimate holding company	**—**	4,000
Interest expenses	**892**	762
Repayments of borrowings and loans	**(4,391)**	(5,144)
Closing amount at 30 September	**33,026**	36,351

18 Deferred income tax

	Six months ended 30 September	
	2018	2017
	US$'000	US$'000
Opening balance at 1 April	**16,526**	14,710
Charged to profit or loss	**180**	225
Exchange difference	**(1,426)**	585
Closing balance at 30 September	**15,280**	15,520

19 Convertible bonds

	As at 30 September 2018 US$'000	As at 31 March 2018 US$'000
Current		
— Ablaze Rich Convertible Bonds (Note (i))	—	4,723
Non-current		
— Top Build Convertible Bonds (Note (ii))	**41,940**	39,998

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 2018	**43,500**	**1,221**	**44,721**
Interest expenses (Note 9)	**2,048**	—	**2,048**
Fair value loss (Note 7)	—	**1,379**	**1,379**
Coupons interest paid	**(608)**	—	**(608)**
Conversion of convertible bonds	**(3,000)**	**(2,600)**	**(5,600)**
At 30 September 2018	**41,940**	—	**41,940**
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

19 Convertible bonds (Continued)

Notes:

(i) On 2 September 2013, pursuant to the subscription agreement dated on 5 July 2013, the Group issued the convertible bonds with principal amount of US$3,000,000 to the ultimate holding company ("Ablaze Rich Convertible Bonds") which due on 1 September 2018. The Ablaze Rich Convertible Bonds bear interest from their date of issue at a rate of 4%, calculated on a 360-day year basis, on the principal amount, and could be converted in full or in part (multiples of US$100,000) at the initial conversion price of HK$1.184 per conversion share (subject to anti-dilutive adjustment) any time within five years from the date of issue. At initial recognition, the Ablaze Rich Convertible Bonds comprised two elements and were accounted for as follows:

- The debt element was treated as a financial liability and measured at amortised cost and interest expense was recognised in the condensed consolidated statement of comprehensive income using the effective interest method.
- The share conversion option element was treated as a derivative liability with subsequent changes in fair value being recognised in the condensed consolidated statement of comprehensive income.

During the six months ended 30 September 2018, the Ablaze Rich Convertible Bonds were fully converted into approximately 19,764,000 ordinary shares (Note 16).

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

- The debt element was treated as a financial liability and measured at amortised cost and interest expense was recognised in the condensed consolidated statement of comprehensive income using the effective interest method.
- The share conversion option element was treated as an equity component and was measured at cost.

The fair value of the liability component of Top Build Convertible Bonds approximates to its carrying amount.

20 Other payables and accruals

	As at	
	30 September 2018 US$'000	31 March 2018 US$'000
Other payables and accruals	**380**	285
Receipt in advance from charterers	**—**	15
Contract liabilities	**219**	—
Other payables to related companies	**5,496**	5,556
	6,095	5,856

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

21 Contingent liabilities

For the six months ended 30 September 2018, the Inland Revenue Department ("IRD") of Hong Kong is in the process of tax review of a subsidiary of the Group for the year of assessments 2010/2011 and 2011/2012.

After taking into account the recent developments of IRD's review, the Directors consider that the Group's taxation charges as at 30 September 2018 are adequate and fairly presented. If the final outcome of IRD's review is different from the Director's expectation, further provision for tax and any related surcharges may be required. The Group has been closely monitoring the status of IRD's review and will revise their expectations when preparing financial statements in the future periods if necessary.

Save as disclosed above, the Group had no other material contingent liabilities as at 30 September 2018.

22 Commitments

(a) Capital commitments

At 30 September 2018, capital expenditure contracted for but not yet incurred is as follows:

	As at	
	30 September 2018 US$'000	31 March 2018 US$'000
Investment properties	**271**	230

(b) Operating lease commitments — Group as lessee

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

	As at	
	30 September 2018 US$'000	31 March 2018 US$'000
Office premise		
— No later than one year	**429**	427
— Later than 1 year and no later than 5 years	**214**	439
	643	866

(c) Operating lease commitments — Group as lessor

At 30 September 2018, 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 2018 US$'000	31 March 2018 US$'000
Vessels		
— No later than one year	**3,362**	1,472

23 Related party transactions

The ultimate holding company of the Company is Ablaze Rich Investments Limited, a company incorporated in the British Virgin Islands with limited liability. The ultimate controlling parties of Ablaze Rich Investments Limited 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 2018 and 2017.

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

	Six months ended 30 September	
	2018	2017
	US$'000	US$'000
Interests on Ablaze Rich Convertible Bonds	**106**	112
Interests on loans from ultimate holding company	**150**	96
Rental expenses paid to Toprich (Asia) Limited (Note (i))	**101**	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 30 September 2018 and 31 March 2018, the Group had the following significant balances with its related parties.

	As at	
	30 September 2018 US$'000	31 March 2018 US$'000
Ablaze Rich Convertible Bonds issued to ultimate holding company	**—**	3,502
Other receivables from related companies controlled by ultimate controlling parties	**8**	8
Loans from ultimate holding company	**(7,887)**	(7,737)
Others payables to a related company controlled by ultimate controlling parties	**(2,093)**	(1,833)
Other payables to related companies which are ultimately controlled by Mr. Yin Hai (Note (i))	**(3,403)**	(3,723)

Note:

(i) 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	
	2018 US$'000	2017 US$'000
Salary and other short-term employee benefits	**443**	416
Pension costs	**6**	6
	449	422