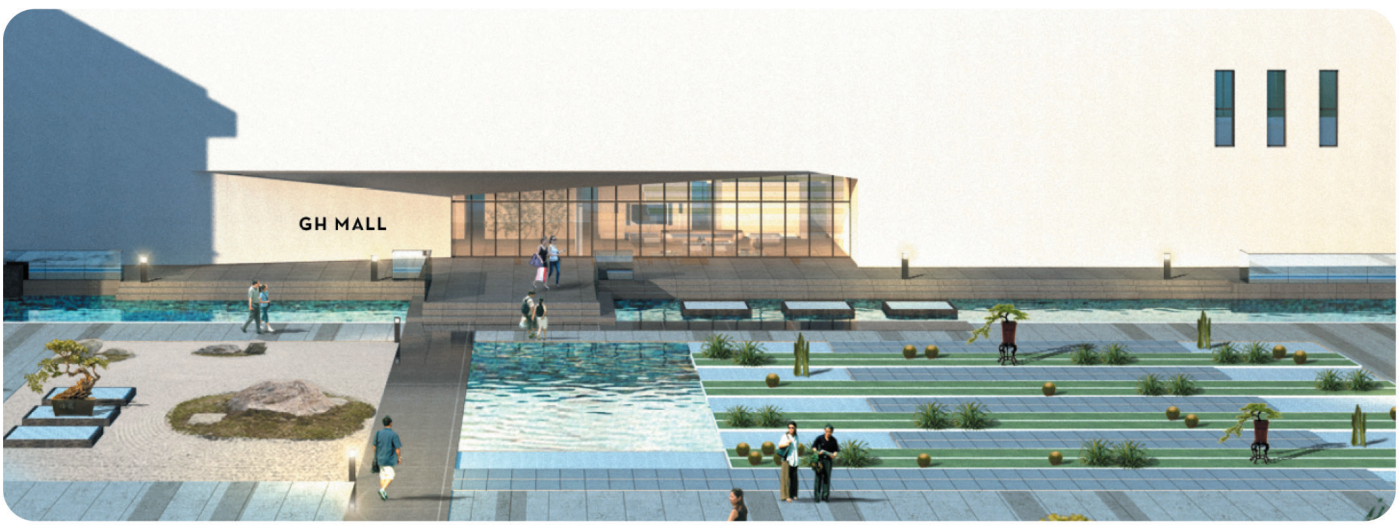
Great Harvest Maeta Group Holdings Limited
榮豐聯合控股有限公司

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

INTERIM 2019 REPORT



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GLOSSARY

"Ablaze Rich"	Ablaze Rich Investments Limited (耀豐投資有限公司), a company incorporated in the BVI on 1 July 2008 and the holding company of the Company
"Acquisition"	the acquisition of the entire issued share capital of Top Build by the Company from Mr. Yan, Ms. Lam and Mr. Yin Hai pursuant to the Sale and Purchase Agreement
"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

GLOSSARY

"dwt"	an acronym for deadweight tonnage, a measure expressed in metric tons or long tons of a ship's carrying capacity, including cargoes, bunker, fresh water, crew and provisions
"EBITDA"	earnings before finance costs, tax, depreciation, amortization and impairment loss on property, plant and equipment
"First Convertible Bonds"	the first tranche of convertible bonds in the principal amount of US$3,000,000 due 2018 issued by the Company for subscription by Ablaze Rich pursuant to the terms and conditions of the Subscription Agreement
"GH FORTUNE/ 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 POWER Loan"	a term loan for the principal amount of US$39 million for financing the acquisition costs of GH POWER. The principal amount shall be repaid by 43 consecutive quarterly instalments commencing three months from 11 February 2008 with the final repayment date on 28 February 2019
"Group"	the Company and its subsidiaries
"HK$" 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
"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

GLOSSARY

"New GH POWER Loan"	a term loan for the principal amount of US$4.27 million for refinancing a vessel owned by the Group, namely GH POWER. The principal amount shall be repaid by 14 consecutive quarterly instalments commencing three months from 11 April 2019
"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
"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
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Sfund"	Sfund International Investment Fund Management Limited (廣州基金國際股權投資基金管理有限公司), a company incorporated in Hong Kong on 11 August 2015, which was the holder of Top Build Convertible Bonds in the principal amount of US$54,000,000 as at 30 September 2019
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Share Option Scheme"	the share option scheme of the Company approved and adopted by an ordinary resolution of the shareholders at the annual general meeting of the Company held on 19 August 2011
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	the subscription of the First Convertible Bonds by Ablaze Rich pursuant to the terms and conditions of the Subscription Agreement
"Subscription Agreement"	the agreement dated 5 July 2013 and entered into between the Company and Ablaze Rich in respect of the Subscription
"Top Build"	Top Build Group Ltd. (高建集團有限公司), a company incorporated in the BVI on 24 October 2014 and a wholly-owned subsidiary of the Company

"Top Build Convertible Bonds"	the convertible bonds in the total principal amount of US$54,000,000 due 2021 issued by the Company to Mr. Yan, Ms. Lam and Mr. Yin Hai pursuant to the terms and conditions of the Sale and Purchase Agreement
"Union Apex"	Union Apex Mega Shipping Limited (聯合佳成船務有限公司), a company incorporated in Hong Kong on 2 December 2009 and a wholly-owned subsidiary of the Company
"US$" and "US Cents"	United States dollars and cents, respectively, the lawful currency of the United States

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. Wong Kwok Keung (黃國強)

Authorised representatives

Mr. CAO Jiancheng (曹建成)
Mr. Wong Kwok Keung (黃國強)
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 54, 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
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

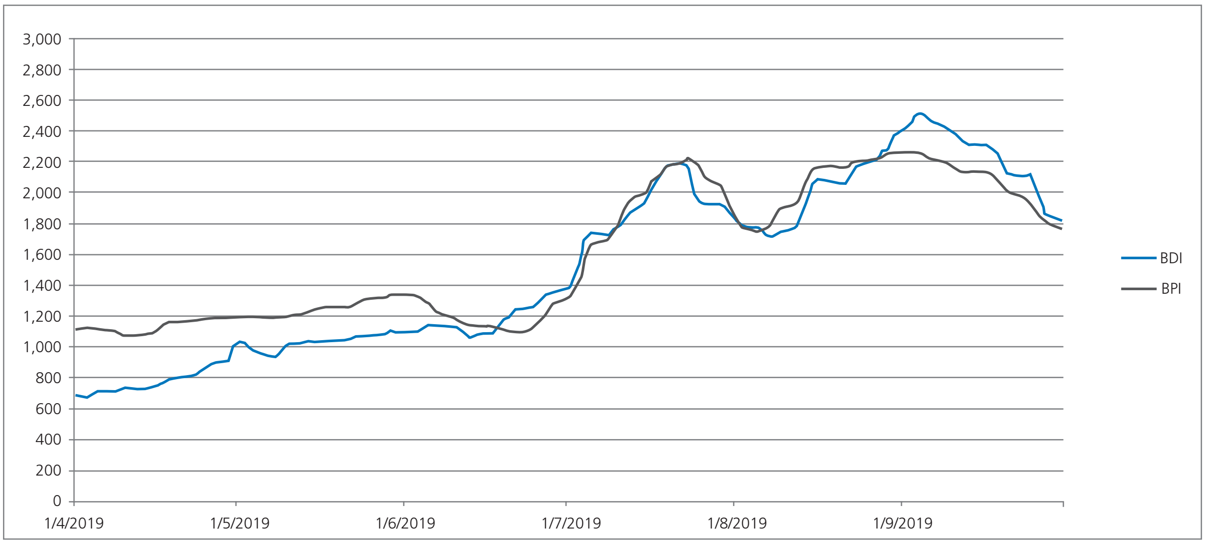
	Six months ended 30 September (Unaudited)	
	2019	2018
	US$'000	US$'000
Revenue	**7,095**	8,235
Gross profit	**1,890**	3,916
Total comprehensive (loss)/income attributable to owners of the Company	**(4,043)**	7,541
EBITDA	**2,927**	3,022
(Loss)/earnings per share attributable to owners of the Company (US Cents)		
— Basic	**(US0.20 Cent)**	US1.25 Cents
— Diluted	**(US0.20 Cent)**	US1.03 Cents

	(Unaudited)	(Audited)
	30 September	31 March
	2019	2019
	US$'000	US$'000
Total assets	**127,411**	134,007
Total liabilities	**94,353**	96,906
Net assets	**33,058**	37,101

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

Daily Variation Chart of Baltic Dry Index (BDI) and Baltic Panamax Index (BPI)
1 April 2019 – 30 September 2019



BDI high at 2,518 in September 2019, low at 672 in April 2019, average at 1,529.16

BPI high at 2,262 in September 2019, low at 1,071 in April 2019, average at 1,608.12

The dry bulk marine transportation market was in fluctuation in 2019. The spot freight rate recorded a drastic decline under the backdrop of reduction in iron ore production in Brazil in the beginning of the year, yet freight rate witnessed significant rebound in summer. With the support of rising demand for marine transportation of bulk grains in South America, the freight rate for panamax vessels remained relatively stable, while the maintenance of China's imports of iron ore and coal also supported the maintenance of the overall spot freight rate. The Baltic Panamax Index average increased to 1,608 points during the period from 1 April 2019 to 30 September 2019, as compared to 1,436 points for the corresponding period of last year. The average daily charter rate of vessels also stood high at US$12,870 per day. Problems of oversupply of the dry bulk fleet and sluggish demand growth of marine transportation still exist and affect the trend of market freight rates, resulting in a noticeable change, that is the demand for marine transportation of dry bulk cargoes growing slower than the growth rate of international trade has become a norm. Among different kinds of vessels, the freight rate of panamax vessels was primarily affected by the export of grains from the United States to China. Capesize vessels witnessed significant fluctuation with differences of multiple times, which has a relatively large impact on the spot freight rate in dry bulk transportation market. According to the market statistics from shipbroking companies, the demand for dry bulk marine transportation increased by approximately 1% this year, as compared to the growth of fleet size of approximately 3%, the oversupply of vessels would continue to exist and intensify.

Given the slow general economic growth, although the estimated economic growth for 2019 by the International Monetary Fund (IMF) was 3.0%, the estimated annual growth of demand for the dry bulk marine transportation by shipbroking companies was a mere 1%, which could not truly alleviate the existing oversupply of vessels in the shipping market. The favourable factor in the spot freight market is that China's relatively large import volume of dry bulk cargoes remained flat in 2019 as compared to that of last year. From January to September 2019, China's import volume of iron ore, coal, grains and soybean already exceeded 1.1 billion tons. This would make significant contribution to the stability of dry bulk marine transportation market as well as maintain and promote the stability and rebound of the spot freight rate.

Business Review

The Group's vessels were under sound operation as of 30 September 2019. Currently, the fleet size is 319,923 dwt and the average age of the fleet is 13 years. The fleet maintained a relatively high operational level with an occupancy rate of nearly 100%. The average daily charter hire income of the vessels was approximately US$9,905, which is basically in line with the market index level of the same type of vessel. The fleet maintained a relatively high operational level since no vessel underwent dock repair, and the fleet achieved a sound record of safe operation with no adverse incident or downtime caused by various reasons during the first half of the year. All freight rate and charter hire were basically received in full with no receivables 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, so the management expenses of vessels were 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 fleet.

Market Outlook

In 2019, given the reduction in production after the iron mine accident in Brazil in the first quarter, the freight rate in the spot dry bulk market witnessed drastic fluctuation and declined. Upon digestion of the effect of the accident in summer and the large demand for marine transportation across the Atlantic Ocean, significant rebound and growth were recorded. Fluctuation in the freight rate market has been relatively significant and affected by the Sino-U.S. trade negotiation. According to market forecast, China's import volume of iron ore and coal is forecasted to remain high in this year, which could support the maintenance of spot freight rate. With relatively drastic market fluctuation for freight rate and successive promulgation of new rules on regulating the industry in recent years, the order for newly built vessels in the dry bulk fleet stood at low level. Although the oversupply condition in the vessel market is alleviated, no fundamental change occurs. The number of newly built vessels in the dry bulk fleet delivered this year is expected to reach 3% of the existing fleet size, yet, this year's estimated growth of dry bulk marine transportation is a mere 1%. Therefore, the existing oversupply of dry bulk vessels will remain and the spot freight market will continue to operate under the pressure of oversupply of vessel. According to the IMF, the global economy and world trade volume are predicted to grow at a rate of 3.4% and 3.3% respectively in 2020, which are both higher than that of this year (the growth rates are predicted to be merely 3% and –0.9% for this year). With the growth of both economy and trade volume, we hope that the demand for dry bulk marine transportation will record a better growth, so that the prevailing situation of oversupply in the dry bulk fleet market could be gradually changed. The ability to maintain a stable growth in the demand for marine transportation is highly important to the operation of the shipping market and the stability of spot freight rate.

According to the statistics and forecast from shipbroking companies, among the major dry bulk cargoes, the marine transportation demand for iron ore and coal is forecasted to increase by −1% and 1% respectively this year, the effect of which is expected to be neutral to the spot freight rate this year. Meanwhile, China imported more bulk grains from South America in the first nine months of the year, which provided a better support to the marine transportation demand for panamax vessels. Nevertheless, with the resumption and increase in export transportation of bulk grains from the west coast of the United States to China, new assessment and adjustment will be made to the demand for marine transportation of panamax vessels, and thus the respective spot freight rate will also be adjusted accordingly.

Given the fluctuation in the 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 chartering out its vessels to 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.

According to the regulations of the International Maritime Organization, new emission reduction regulations for vessels will need to be implemented from 1 January 2020. Vessels need to install desulfurization equipment or switch to low-sulfur fuel. Currently the Group's vessels do not have an arrangement for installing desulfurization equipment, but will switch to low-sulfur fuel on time in order to comply with the requirements.

Since May 2016, Top Build has held, indirectly through its subsidiaries, 91% equity interest in a company in the PRC which holds the Lands. 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 for the development of villas, high/low density apartment, retail and SOHO with approximately 130,000 square meters.

In line with the Belt and Road Initiative, during the Boao Forum in April 2018, President Xi Jinping has announced Hainan as a free trade port, and the local government will strongly support the development of the related industries including tourism and finance in Hainan. Since the past year and a half, the State and the Hainan provincial government have successively introduced relevant preferential policies, including 30 administrative measures such as simplified administrative approval, opening-up of the financial markets, tax incentives and talent introduction. The real estate price has nearly doubled compared with the beginning of 2018. The recent relaxation of the real estate purchase, loan restrictions policy and the full liberalization of household restrictions in Hainan Province are substantially beneficial to the real estate in Hainan. It is expected that the real estate market will develop at a high speed in the next few years.

On 26 September 2019, Great Harvest Realty Investment Company Limited, an indirect wholly owned subsidiary of the Company, and an investment company (the "Investor"), an indirect non-wholly owned subsidiary of a holding company listed on the Fortune Global 500, entered into a memorandum of understanding in relation to the proposed investment by the Investor in 海南華儲實業有限公司 (for identification purpose only, Hainan Huachu Industrial Co., Ltd.), an indirect non-wholly owned subsidiary of the Company. The cooperation between the Group and the Investor is conducive to the accurate positioning of products, improving the quality of controlled products, making full use of the Investor's brands to increase revenue, accelerating team building, and comprehensively improving service standards. For further details, please refer to the announcement of the Company dated 27 September 2019. Up to the date of this report, the proposed investment is still at the progress of due diligence review and formal agreement negotiation.

In light of the growth potential in Hainan, on 11 October 2018, the Company entered into a memorandum of understanding with two individuals 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. Up to the date of this report, the proposed investment is still at its feasibility study and negotiation stage.

Financial Review

Revenue

The revenue of the Group followed the trend in the freight market decreased from about US$8.2 million for the six months ended 30 September 2018 to about US$7.1 million for the six months ended 30 September 2019, representing a decrease of about US$1.1 million, or about 13.8%. The average Daily TCE of the Group's fleet decreased from approximately US$11,600 for the six months ended 30 September 2018 to approximately US$9,900 for the six months ended 30 September 2019.

Cost of services

Cost of services of the Group increased from about US$4.3 million for the six months ended 30 September 2018 to about US$5.2 million for the six months ended 30 September 2019, representing an increase of approximately US$0.9 million. With the reversal of the impairment losses of the Group's vessels amounted to US$13.0 million recognised at 30 September 2018, the depreciation expenses has increased correspondingly by about US$0.5 million for the six months ended 30 September 2019. The average fuel price dropped slightly this year, and hence the bunker inventory value decreased, added the effect of the fuel inventory appreciation income from the rise in oil prices recorded last year, the bunker cost increased by about US$0.5 million as compared to same period last year.

Gross profit

Gross profit further decreased from about US$3.9 million for the six months ended 30 September 2018, to about US$1.9 million for the six months ended 30 September 2019, representing a decrease of approximately US$2.0 million, while the gross profit margin declined from approximately 47.6% for the six months ended 30 September 2018 to approximately 26.6% for the six months ended 30 September 2019.

General and administrative expenses

General and administrative expenses of the Group decreased from approximately US$1.5 million for the six months ended 30 September 2018 to approximately US$1.4 million for the six months ended 30 September 2019, representing a decrease of approximately US$0.1 million or approximately 11.4%. It was mainly due to the Group's cost control strategy which resulted in cost reduction in both rental expenses and staff cost.

Finance costs

Finance costs of the Group remained stable and amounted to approximately US$2.9 million for the six months ended 30 September 2019 (for the six months ended 30 September 2018: approximately US$2.9 million). The increase in interest expense of Top Build Convertible Bonds was compensated by the decrease in bank loan interest expenses.

(Loss)/Profit for the period

The Group turned from a profit of approximately US$11.6 million for the six months ended 30 September 2018 to a loss of approximately US$1.9 million for the six months ended 30 September 2019. Such turn around was mainly due to (i) the reduction in gross profit of approximately US$2.0 million; (ii) the reversal of the impairment losses of the Group's vessels amounted to US$13.0 million in the year ended 30 September 2018; (iii) a loss of about US$1.4 million for the six months ended 30 September 2018 for the revaluation of the conversion option of the first convertible bonds in an aggregate principal amount of US$3.0 million, which were converted into 19,763,513 Shares on 31 August 2018 at the conversion price of HK$1.184 per conversion share; and (iv) the fair value gain in investment property of approximately US$0.7 million for the six months ended 30 September 2019 (for the six months ended 30 September 2018: approximately US$0.7 million).

Liquidity, financial resources, capital structure and gearing ratio

As at 30 September 2019, the Group's cash and cash equivalent amounted to approximately US$1.9 million (as at 31 March 2019: approximately US$2.6 million), of which approximately 98.1% was denominated in US$, approximately 1.7% in HK$ and approximately 0.3% was denominated in RMB. Outstanding bank loans amounted to approximately US$14.4 million (as at 31 March 2019: approximately US$23.2 million) and other borrowings amounted to approximately US$58.3 million (as at 31 March 2019: approximately US$51.6 million), which were denominated in US$.

As at 30 September 2019 and 31 March 2019, 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 57.1% and 55.8% respectively. The increase in gearing ratio as at 30 September 2019 was mainly due to the restructuring of borrowing for GH POWER, valuation of investment property, and the amortized cost of Top Build Convertible Bonds.

The Group recorded net current liabilities of about US$6.7 million as at 30 September 2019 and approximately US$10.0 million as at 31 March 2019. On 29 March 2019, Bryance Group has entered into a new borrowing agreement of US$4.27 million for refinancing the GH POWER loan under a facility agreement dated 25 January 2008. After the drawdown of this New GH POWER Loan, the then GH POWER Loan was fully repaid. The refinancing of GH Power Loan has reduced the amount of both pledged bank deposit and the current portion of borrowings and loans.

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 2019.

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 with Ablaze Rich on 19 January 2017, 12 April 2017, 15 January 2018 and 17 April 2019 for loan facilities in the total amount of US$3.0 million (the "First Facility"), US$3.0 million (the "Second Facility"), US$1.5 million (the "Third Facility") and US$2.0 million (the "Fourth Facility") respectively. The First Facility and Second Facility were extended on 18 January 2019 and 29 March 2019 respectively. The full loan amount had been drawn down by the Company under the First Facility, Second Facility and the Third Facility. As at 30 September 2019, US$0.5 million of the loan amount had been drawn by the Company under the Fourth Facility. The First Facility will be repayable on an extended repayment date which is on or before 18 January 2021, the Second Facility will be repayable on an extended repayment date which is on or before 28 March 2021, the Third Facility will be repayable on or before 16 January 2020 and the Fourth Facility will be repayable on or before 17 April 2021. These loan facilities were unsecured and carried an interest of 4% per annum. The drawn amount under the First Facility, 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 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 deed entered on 30 March 2018 was superseded by this deed, and had ceased to be effective from 30 September 2018.

On 31 March 2019, 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 twenty four months of the date of the deed. The undertakings shall cease to have effect after twenty four 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 September 2018 was superseded by this deed, and had ceased to be effective from 31 March 2019.

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

As announced by the Company on 10 May 2016, completion of the Acquisition took place on 10 May 2016 and the Top Build Convertible Bonds were issued.

As at 30 September 2019, 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 2019, the Group recorded outstanding bank loans and loan from a financial institution of about US$18.4 million and all these loans carried interest at floating rate. The New GH POWER loan agreement was entered into on 29 March 2019. These loans, namely the New 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.

On 15 April 2019, the GH POWER Loan were fully repaid from the loan proceeds received from the New GH POWER Loan and internal financial resources.

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

Charges on assets

As at 30 September 2019, the Group had pledged the following assets to banks and financial institution as securities against borrowings facilities granted to the Group:

	30 September 2019 US$'000 (Unaudited)	31 March 2019 US$'000 (Audited)
Property, plant and equipment	**56,086**	57,798
Pledged bank deposits	**4,466**	6,140
Pledged deposit	**500**	—
	61,052	63,938

Contingent liabilities

For the period ended 30 September 2019, 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, 2011/2012 and 2012/2013.

After taking into account the recent developments of IRD's review, the Directors consider that the Group's taxation charges as at 30 September 2019 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, there were no other material contingent liabilities for the Group as at 30 September 2019.

Interim dividend

The Board does not recommend any interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: 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 2019.

Employees' remuneration and retirement scheme arrangements

As at 30 September 2019, the Group had a total of 105 employees (as at 30 September 2018: 104 employees). For the six months ended 30 September 2019, the total salaries and related costs (including Directors' fees) amounted to approximately US$2.3 million (as at 30 September 2018: US$2.3 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 58, 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 52, is the chief executive officer of the Company, an executive Director and the cofounder 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 63, 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 68, 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 an independent non-executive director of 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 62, 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 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 three companies listed on the Main Board of the Stock Exchange, namely Li Ning Company Limited (Stock Code: 2331), Speedy Global Holdings Limited (Stock Code: 540) and Glorious Sun Enterprises Limited (Stock Code: 393). 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 65, 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 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 48, 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 experience in the marine transportation industry and he joined the Group in June 2010 as the vice general manager of Union Apex. Before joining Union Apex, Mr. Sung was the chartering manager of Million Miles Shipping (Hong Kong) Limited from March 2003 to June 2010. Before joining Million Miles Shipping (Hong Kong) Limited, Mr. Sung also worked for COSCO (Hong Kong) Shipping Co., Ltd., a subsidiary of China COSCO Holdings Company Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1919), from February 2000 to February 2003.

Mr. WONG Kwok Keung (黃國強), aged 45, has been the chief financial officer and company secretary of the Company since 31 January 2019. Mr. Wong is responsible for the corporate finance, investor relations, financial management and company secretarial matters of the Company. Mr. Wong obtained a master's degree of Science in Finance Analysis from Hong Kong University of Science and Technology in 2010 and a master's degree of Corporate Governance from The Hong Kong Polytechnic University in 2014. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also an associate member of Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and administrators. Mr. Wong has over 21 years of working experience in several listed companies in Hong Kong and well-known organisations across jewellery trading, property leasing and development, garment and electronics manufacturing in the Greater China and Asia Pacific regions. Prior to joining the Company, he served as the senior management of several listed companies in Hong Kong and worked for a global audit and consulting firm for over 15 years. He has been appointed as a director of Adex Mining Inc. (TSXV stock code: ADE), a company listed on TSX Venture Exchange since October 2017.

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 2019, 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)*	681,441,013 (L)	—	71.54%
	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)	40.09%
Ms. Lam	Interest of controlled corporation *(Note 2)*	681,441,013 (L)	—	71.54%
	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)	40.09%
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 681,441,013 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 2019. 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 2019.

(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 2019.

(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 2019.

(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 2019.

(10) The percentage is calculated on the basis of 952,513,513 Shares in issue as at 30 September 2019.

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 2019, 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 2019, 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 6)*
Ablaze Rich	Beneficial owner *(Note 2)*	681,441,013 (L)	—	71.54%
廣州匯垠發展投資合夥企業（有限合夥） (for identification purpose only, Guangzhou Huiyin Development Investment Partnership Enterprise (Limited Partnership))	Investment manager *(Note 3)*	75,560,000	—	7.93%
Sfund	Beneficial owner *(Note 4)*	—	381,843,064 (L)	40.09%
China Shandong Hi-Speed Financial Group Limited ("CSFG")	Interest of controlled corporation *(Note 5)*	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 681,441,013 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) Based on the disclosure of interests form submitted by this substantial shareholder as at 30 September 2019.

(4) 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.

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

(6) The percentage is calculated on the basis of 952,513,513 Shares in issue as at 30 September 2019.

Save as disclosed above, as at 30 September 2019, 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 8.71% of the shares in issue as at the date of this interim report (the "General Scheme Limit"). The General Scheme Limit is also subject to the Overriding Limit, the refreshment of the General Scheme Limit (as described below) and the grant of share options beyond the General Scheme Limit (as described below).

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

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

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

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

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

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

During the six months ended 30 September 2019, movements of the share options granted under the Share Option Scheme are summarized as follows:

List of grantees	Date of grant	Exercise period	Closing price per Share immediately before the date of grant HK$	Exercise price per share HK$	Number of share options: Outstanding as at 1 April 2019	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 September 2019
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 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
					4,300,000	–	–	–	–	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					10,400,000	–	–	–	–	10,400,000
Employees	30 April 2015	30 April 2015–29 April 2025	$1.15	$1.20	500,000	–	–	–	–	500,000
Sub-total					500,000	–	–	–	–	500,000
Others	30 April 2015	30 April 2015–29 April 2025	$1.15	$1.20	250,000	–	–	–	–	250,000
Sub-total					250,000	–	–	–	–	250,000
Total					11,150,000	–	–	–	–	11,150,000

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 2019, 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 2019.

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, 27 November 2019

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 2019 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 2019.

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

Hong Kong, 27 November 2019

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 32 to 62, 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 2019 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".

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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$6,655,000 as at 30 September 2019 which included borrowings and loans of US$5,694,000 repayable within one year, while the Group's cash and cash equivalents balance was US$1,923,000. 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, 27 November 2019

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2019

	Note	Unaudited Six months ended 30 September 2019 US$'000	2018 US$'000
Revenue	6	**7,095**	8,235
Cost of services		**(5,205)**	(4,319)
Gross profit		**1,890**	3,916
Other gains/(losses) — net	7	**664**	(658)
Other income		**11**	43
Reversal of impairment loss on property, plant and equipment	13	**—**	13,000
General and administrative expenses		**(1,372)**	(1,547)
Operating profit	8	**1,193**	14,754
Finance income		**—**	5
Finance expenses		**(2,939)**	(2,940)
Finance costs, net	9	**(2,939)**	(2,935)
(Loss)/profit before income tax		**(1,746)**	11,819
Income tax expense	10	**(166)**	(180)
(Loss)/profit for the period		**(1,912)**	11,639
(Loss)/profit attributable to:			
— Owners of the Company		**(1,938)**	11,627
— Non-controlling interests		**26**	12
		(1,912)	11,639
Other comprehensive loss for the period			
Items that may be reclassified to profit or loss			
Currency translation differences		**(2,131)**	(4,098)
Total comprehensive (loss)/income for the period		**(4,043)**	7,541
Total comprehensive (loss)/income attributable to:			
— Owners of the Company		**(3,877)**	7,899
— Non-controlling interest		**(166)**	(358)
		(4,043)	7,541
(Loss)/earnings per share attributable to owners of the Company			
— Basic (loss)/earnings per shares	11(a)	**(US$0.20 cent)**	US$1.25 cents
— Diluted (loss)/earnings per shares	11(b)	**(US$0.20 cent)**	US$1.03 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 2019

	Note	Unaudited 30 September 2019 US$'000	Audited 31 March 2019 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**56,158**	57,895
Investment properties	14	**63,199**	65,701
Pledged bank deposits		**1,962**	2,031
Pledged deposit	15	**500**	—
		121,819	125,627
Current assets			
Trade and other receivables	15	**1,165**	1,674
Pledged bank deposits		**2,504**	4,109
Cash and cash equivalents		**1,923**	2,597
		5,592	8,380
Total assets		**127,411**	134,007
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	**1,221**	1,221
Reserves		**28,015**	31,892
		29,236	33,113
Non-controlling interest		**3,822**	3,988
Total equity		**33,058**	37,101
LIABILITIES			
Non-current liabilities			
Borrowings and loans	17	**20,969**	18,893
Convertible bonds	19	**46,109**	43,975
Deferred income tax liabilities	18	**15,028**	15,615
		82,106	78,483
Current liabilities			
Other payables and accruals	20	**6,553**	6,495
Borrowings and loans	17	**5,694**	11,928
		12,247	18,423
Total liabilities		**94,353**	96,906
Total equity and liabilities		**127,411**	134,007

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 2019

	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 2019	1,221	54,663	38,954	708	(63,808)	13,636	(3,432)	(8,829)	33,113	3,988	37,101
Comprehensive loss											
Loss for the period	—	—	—	—	—	—	—	(1,938)	(1,938)	26	(1,912)
Other comprehensive loss											
Currency translation differences	—	—	—	—	—	—	(1,939)	—	(1,939)	(192)	(2,131)
Total comprehensive loss	—	—	—	—	—	—	(1,939)	(1,938)	(3,877)	(166)	(4,043)
Balance at 30 September 2019	1,221	54,663	38,954	708	(63,808)	13,636	(5,371)	(10,767)	29,236	3,822	33,058

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 (loss)/profit											
(Loss)/profit for the period	—	—	—	—	—	—	—	11,627	11,627	12	11,639
Other comprehensive income											
Currency translation differences	—	—	—	—	—	—	(3,728)	—	(3,728)	(370)	(4,098)
Total comprehensive income/ (loss)	—	—	—	—	—	—	(3,728)	11,627	7,899	(358)	7,541
Transactions with owners, recognised directly in equity											
Employee share option scheme:	7	1,228	—	(359)	—	—	—	—	876	—	876
— Exercise of share options	25	5,575	—	—	—	—	—	—	5,600	—	5,600
	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 CASH FLOWS

For the six months ended 30 September 2019

	Unaudited Six months ended 30 September	
	2019	2018
	US$'000	US$'000
Cash flows from operating activities		
(Loss)/profit before income tax	**(1,746)**	11,819
Adjustments for:		
— Finance income	**—**	(5)
— Finance cost	**2,939**	2,940
— Depreciation	**1,734**	1,269
— Fair value changes in convertible bonds	**—**	1,379
— Fair value changes in investment properties	**(664)**	(721)
— Reversal of impairment loss on property, plant and equipment	**—**	(13,000)
Changes in working capital:		
— Trade and other receivables	**3**	(153)
— Other payables and accruals	**350**	739
Net cash generated from operating activities	**2,616**	4,267
Cash flows from investing activities		
Finance income	**—**	5
Addition of investment properties	**—**	(31)
Net cash used in investing activities	**—**	(26)
Cash flows from financing activities		
Proceeds from loan from a financial institution	**4,206**	—
Proceeds from exercise of share options	**—**	876
Repayments of convertible bond coupon	**—**	(608)
Proceeds from loan from ultimate holding company	**500**	—
Repayments of borrowings and loans	**(9,669)**	(4,391)
Decrease in pledged bank deposits	**1,674**	384
Net cash used in financing activities	**(3,289)**	(3,739)
Net (decrease)/increase in cash and cash equivalents	**(673)**	502
Cash and cash equivalents at beginning of the period	**2,597**	1,054
Exchange losses on cash and cash equivalents	**(1)**	(2)
Cash and cash equivalents at end of the period	**1,923**	1,554

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 United States dollars, unless otherwise stated.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 September 2019 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 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2.1 Going concern basis

As at 30 September 2019, the Group's current liabilities exceeded its current assets by US$6,655,000 which included borrowings and loans of US$5,694,000 repayable within one year, while the Group's cash and cash equivalents balance was US$1,923,000.

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 in which the volatility of the shipping market has been considered, which cover a period of twelve months from 30 September 2019. 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 twelve months from 30 September 2019:

(i) On 31 March 2019, 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 funding deed is effective until 31 March 2021.

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

As at 30 September 2019, the Group had obtained a total of US$5,000,000 of loan from the ultimate holding company under the terms of the deed, of which US$1,500,000 will be repayable by January 2020 and the remaining will be repayable by March 2021 and April 2021. The amount of available funding under the deed of funding undertakings was US$25,000,000 as at 30 September 2019.

(ii) The Group does not have any significant capital or other commitment as at 30 September 2019. 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.

(iii) 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 2019. 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 of up to US$25,000,000 to the Group as and when needed which will be repayable beyond twelve months from 30 September 2019;

(ii) 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;

(iii) Whether the Group can generate sufficient operating cash inflow from its shipping operations despite the volatile shipping market; 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:

Amendments to annual improvement project	Annual improvements 2015–2017 cycle
Amendments to HKAS 19	Plan amendment, curtailment or settlement
Amendments to HKFRS 9	Prepayment features with negative compensation
Amendments to HKAS 28	Interests in associates and joint ventures
HK (IFRIC)-Int 23	Uncertainty over income tax treatments
HKFRS 16	Leases

The adoption of the above new standards, amendments, improvement and interpretation to existing HKFRSs do not have a material impact on the Group's accounting policies, except for HKFRS 16 Leases as set out in Note 3(c).

(b) New and amended standards not yet effective for the financial year beginning on 1 April 2019 and have not been early adopted by the Group

		Effective for accounting periods beginning on or after
Amendments to HKFRS 3 (Revised)	Definition of a business (amendments)	1 April 2020
HKFRS 17	Insurance contracts (new standard)	1 April 2021
Conceptual Framework for Financial Reporting 2018	Revised conceptual Framework for Financial reporting	1 April 2020
Amendments to HKAS 1 and HKAS 8	Definition of material (amendments)	1 April 2020
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.

3 Accounting policies (Continued)

(c) Changes in accounting policies

The Group has adopted HKFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening interim condensed consolidated statement of financial position on 1 April 2019.

Adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised the lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 Leases.

	US$'000
Operating lease commitments disclosed as at 31 March 2019	434
Less: short-term leases recognised on a straight-line basis as expense	(434)
Lease liability recognised as at 1 April 2019	—

(i) Practiced expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- use a single discount rate to a portfolio of leases with reasonable similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases
- use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease, and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying HKAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

3 Accounting policies (Continued)

(c) Changes in accounting policies (Continued)

Adoption of HKFRS 16 (Continued)

(ii) Leasing activities of the Group and how these are accounted for

The Group leases various offices. Rental contracts are typically made for fixed periods of 1 to 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until 31 March 2019, leases of office were classified as operating leases and the payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

3 Accounting policies (Continued)

(c) Changes in accounting policies (Continued)

Adoption of HKFRS 16 (Continued)

(ii) Leasing activities of the Group and how these are accounted for (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options

Extension and termination options are included in a lease of the Group. The terms are used to maximise operational flexibility the terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated)

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 2019.

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 2019.

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 and loan from financial institution issued at floating rate expose the Group to cash flow interest rate risk due to fluctuations of London Interbank Offered rate ("LIBOR").

As at 30 September 2019, if interest rates on bank borrowings and loan from financial institution 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 approximately US$28,000 (six months ended 30 September 2018: US$45,000), mainly as a result of fluctuation on interest expenses on floating rate bank borrowings and loan from financial institution.

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 2019				
Borrowings and loans	**5,694**	**9,980**	**10,989**	**26,663**
Interest on borrowings and loans	**918**	**1,054**	**568**	**2,540**
Convertible bonds and interest payable	**—**	**54,000**	**—**	**54,000**
Other payables and accruals	**6,139**	**—**	**—**	**6,139**
At 31 March 2019				
Borrowings and loans	11,928	8,881	10,012	30,821
Interest on borrowings and loans	673	929	572	2,174
Convertible bonds and interest payable	—	—	54,000	54,000
Other payables and accruals	6,225	—	—	6,225

5.4 Fair value measurement of financial instruments

Fair values of financial instruments measured at amortised cost.

The fair value of the trade receivables, other receivables, pledged bank deposits, pledged deposit, cash and cash equivalents, other payables and accruals as at 30 September 2019 approximate their carrying amounts due to their short term maturities.

The fair value of the bank borrowings and loan from financial institution as at 30 September 2019 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 allocate resources.

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 analysis of segment liabilities is presented as it is not regularly provided to the executive directors.

Notes to the Condensed Consolidated Interim Financial Information

6 Revenue and segment information (Continued)

(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 2019				
Revenue	**7,095**	**—**	**—**	**7,095**
Segment profit/(loss)	**442**	**(1,682)**	**(506)**	**(1,746)**
Depreciation	**(1,713)**	**(21)**	**—**	**(1,734)**
Finance expenses	**(646)**	**(2,134)**	**(159)**	**(2,939)**
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 expenses	(848)	(1,942)	(150)	(2,940)

6 Revenue and segment information (Continued)

(b) Segment assets

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

	Chartering of vessels	Property investment and development	Others	Total
	US$'000	US$'000	US$'000	US$'000
As at 30 September 2019				
Segment assets	**63,225**	**63,428**	**758**	**127,411**
As at 31 March 2019				
Segment assets	68,005	65,924	78	134,007

(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 gains/(losses) — net

	Six months ended 30 September	
	2019	2018
	US$'000	US$'000
Fair value gains/(losses) on:		
— Investment properties	**664**	721
— Convertible bonds	**—**	(1,379)
	664	(658)

8 Operating profit

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

	Six months ended 30 September	
	2019	2018
	US$'000	US$'000
Depreciation of property, plant and equipment (Note 13)	**1,734**	1,268
Crew expenses (included in cost of services)	**1,582**	1,552
Operating lease rental for land and building	**166**	215
Employee benefit expenses (including directors' emoluments)		
— Fee, salaries and other benefit costs	**690**	741
— Pension costs	**18**	20

9 Finance costs, net

	Six months ended 30 September	
	2019	2018
	US$'000	US$'000
Finance income		
Bank interest income	**—**	5
Finance expenses		
Interest expense on borrowings and loans	**(761)**	(855)
Arrangement fee on bank borrowings	**(44)**	(37)
Interest expense on convertible bonds (Note 19)	**(2,134)**	(2,048)
	(2,939)	(2,940)
Finance costs, net	**(2,939)**	(2,935)

10 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2018: 16.5%) on the estimated assessable profit for the six months ended 30 September 2019. The subsidiary established in the PRC is subject to corporate income tax rate of 25% (six months ended 30 September 2018: 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	
	2019	2018
	US$'000	US$'000
Current income tax		
— Hong Kong profits tax	**—**	—
Deferred income tax	**166**	180
Income tax expense	**166**	180

11 (Loss)/earnings per share

(a) Basic (loss)/earnings per share

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

	Six months ended 30 September	
	2019	2018
	US cents	US cents
Basic (loss)/earnings per share per share attributed to the owners of the Company	**(0.20)**	1.25

11 (Loss)/earnings per share (Continued)

(b) Diluted (loss)/earnings per share

	Six months ended 30 September	
	2019	2018
	US cents	US cents
Diluted (loss)/earnings per share attributed to the owners of the Company	**(0.20)**	1.03

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

Diluted loss per share for the six months ended 30 September 2019 equals basic loss per share as the exercise of outstanding share options and convertible bonds would be anti-dilutive.

12 Dividends

The board of directors does not recommend the payment of interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

13 Property, plant and equipment

	2019 US$'000	2018 US$'000
Six months ended 30 September		
Opening net book amount at 1 April	57,895	47,906
Depreciation	(1,734)	(1,268)
Reversal of impairment loss on property, plant and equipment	—	13,000
Exchange reserve	(3)	(13)
Closing net book amount at 30 September	56,158	59,625

Depreciation expense of approximately US$1,713,000 (six months ended 30 September 2018: US$1,246,000) has been charged in "Cost of services" and US$21,000 (six months ended 30 September 2018: US$22,000) in "General and administrative expenses".

As at 30 September 2019, the Group's property, plant and equipment of US$56,086,000 (31 March 2019: US$57,798,000) was pledged as security for bank borrowings and loan from a financial institution.

Management regards each individual vessel as a separately identifiable cash-generation unit. The Group usually entered charter hire contracts for periods of 3 to 6 months in the spot market.

14 Investment properties

	2019 US$'000	2018 US$'000
Six months ended 30 September		
Opening balance at 1 April	65,701	69,528
Additions	—	31
Fair value gain	664	721
Exchange difference	(3,166)	(5,999)
Closing net book amount at 30 September	63,199	64,281

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 2019 and 31 March 2019.

14 Investment properties (Continued)

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 2019 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.

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 in fair value.
Land use right adjustment	–5% to 5%	The better designated use of the property will have positive impact on adjustment, thus increase in fair value.
Size adjustment	–5% to 5%	The increase in area will have positive impact on total adjustment, thus increase in 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 2019 US$'000	31 March 2019 US$'000
Trade receivables	**132**	802
Less: Provision for impairment of trade receivables	**(31)**	(31)
Trade receivables, net	**101**	771
Prepayments and deposits	**1,374**	756
Other receivables	**182**	139
Other receivables from related companies	**8**	8
	1,665	1,674
Less: non-current pledged deposit	**(500)**	—
	1,165	1,674

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

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

As at 30 September 2019, the Group's deposit of US$500,000 (31 March 2019: Nil) was pledged as security for loan from a financial institution of US$3,984,000. The deposit bear interest at 1.5% per annum.

As at 30 September 2019 and 31 March 2019, the ageing analysis of trade receivables based on invoice date was as follows:

	As at	
	30 September 2019 US$'000	31 March 2019 US$'000
0–30 days	**70**	344
31–60 days	**—**	394
61–365 days	**31**	33
Over 365 days	**31**	31
	132	802

16 Share capital

	As at			
	30 September 2019		31 March 2019	
	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 2019 and 30 September 2019	**952,514**	**1,221**
At 1 April 2018	926,370	1,188
Exercise of share options	5,850	7
Conversion of convertible bond	19,764	25
At 30 September 2018	951,984	1,220

Note:

(i) The outstanding options were vested and exercisable. No options were exercised during the period ended 30 September 2019 (2018: 5,850,000 shares being issued at a weighted average exercise price of HK$1.16 with exercise proceeds of approximately US$876,000. The related weighted average price at the time of exercise was HK$2.06 per share).

Notes to the Condensed Consolidated Interim Financial Information

17 Borrowings and loans

	As at	
	30 September 2019 US$'000	31 March 2019 US$'000
Non-current		
— Bank borrowings (Note (i))	**11,312**	12,869
— Loan from a financial institution (Note (i))	**3,004**	—
— Loans from ultimate holding company (Note (ii))	**6,653**	6,024
	20,969	18,893
Current		
— Bank borrowings (Note (i))	**3,112**	10,356
— Loan from a financial institution (Note (i))	**980**	—
— Loans from ultimate holding company (Note (ii))	**1,602**	1,572
	5,694	11,928

Notes:

(i) The bank borrowings and loan from a financial institution bear interests at floating rates that are market dependent and are denominated in US$. Their fair values 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$. The fair values of the loans from ultimate holding company approximate their carrying amounts.

As at 30 September 2019, the Group's property, plant and equipment approximately of US$56,086,000 (31 March 2019: US$57,798,000) was pledged as security for bank borrowings and loan from a financial institution.

17 Borrowings and loans (Continued)

Movements in borrowings and loans are analysed as follows:

	Six months ended 30 September	
	2019	2018
	US$'000	US$'000
Opening amount at 1 April	**30,821**	36,525
Addition — Loan from a financial institution	**4,206**	—
Addition — Loan from ultimate holding company	**500**	—
Interest expenses	**805**	892
Repayments of borrowings and loans	**(9,669)**	(4,391)
Closing amount at 30 September	**26,663**	33,026

18 Deferred income tax

	Six months ended 30 September	
	2019	2018
	US$'000	US$'000
Opening balance at 1 April	**15,615**	16,526
Charged to profit or loss	**166**	180
Exchange difference	**(753)**	(1,426)
Closing balance at 30 September	**15,028**	15,280

19 Convertible bonds

	As at 30 September 2019 US$'000	As at 31 March 2019 US$'000
Non-current		
— Top Build Convertible Bonds (Note)	**46,109**	43,975

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 2019	**43,975**	—	**43,975**
Interest expenses (Note 9)	**2,134**	—	**2,134**
At 30 September 2019	**46,109**	—	**46,109**
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

19 Convertible bonds (Continued)

Note:

On 10 May 2016, the Group issued a convertible bond with principal amount of US$54,000,000 ("Top Build Convertible Bonds) 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 its carrying amount.

20 Other payables and accruals

	As at	
	30 September 2019 US$'000	31 March 2019 US$'000
Other payables and accruals	**473**	447
Contract liabilities	**336**	232
Other payables to related companies (Note 23)	**5,744**	5,816
	6,553	6,495

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

21 Contingent liabilities

For the six months ended 30 September 2019, 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 2010/11, 2011/12 and 2012/13.

After taking into account the recent developments of IRD's review, the Directors consider that the Group's taxation charges as at 30 September 2019 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 2019.

22 Commitments

(a) Capital commitments

At 30 September 2019, capital expenditure contracted for but not yet incurred is as follows:

	As at	
	30 September 2019 US$'000	31 March 2019 US$'000
Investment properties	**269**	277

(b) Operating lease commitments — Group as lessor

At 30 September 2019, the Group has the following future aggregate minimum lease receivables under non-cancellable operating leases in relation to chartering of vessels. These vessels chartering agreements have varying terms ranging from 3 to 6 months:

	As at	
	30 September 2019 US$'000	31 March 2019 US$'000
Vessels		
— No later than one year	**1,973**	2,028

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 2019 and 2018.

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	
	2019	2018
	US$'000	US$'000
Interests on Ablaze Rich Convertible Bonds to ultimate holding company	**—**	106
Interests on loans from ultimate holding company	**159**	150
Rental expenses paid to Toprich (Asia) Limited (Note (i))	**101**	101

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 2019 and 31 March 2019, the Group had the following significant balances with its related parties.

	30 September 2019 US$'000	31 March 2019 US$'000
Other receivables from related companies controlled by ultimate controlling parties	**8**	8
Loans from ultimate holding company	**(8,255)**	(7,596)
Others payables to a related company controlled by ultimate controlling parties	**(2,434)**	(2,339)
Other payables to related companies which are ultimately controlled by Mr. Yin Hai (Note (i))	**(3,310)**	(3,477)

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	
	2019 US$'000	2018 US$'000
Salary and other short-term employee benefits	**420**	443
Pension costs	**6**	6
	426	449