



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 Report **2015**



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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
“Audit Committee”	the audit committee of the Board
“Baltic Dry Index”	an index of the daily average of international shipping prices of various dry bulk cargoes made up of 20 key dry bulk routes published by the Baltic Exchange in London
“Baltic Panamax Index”	an index of shipping prices of panamax vessels made up of four daily panamax vessel assessments of time charter rates published by the Baltic Exchange in London
“Board”	the board of Directors
“Bryance Group”	Bryance Group Limited, a company incorporated in the BVI on 28 September 2006 and a wholly-owned subsidiary of the Company
“BVI”	the British Virgin Islands
“CG Code”	Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules
“Company”	Great Harvest Maeta Group Holdings Limited (榮豐聯合控股有限公司), an exempted company incorporated in the Cayman Islands on 21 April 2010 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with limited liability
“Conversion Share(s)”	the Share(s) to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the First Convertible Bonds and, where appropriate, the Second Convertible Bonds
“Daily TCE”	an acronym for daily time charter equivalent, a standard industry measurement of the average daily revenue performance of a vessel. Daily TCE is calculated by dividing the voyage revenues (net of expenses such as port, canal and bunker costs) by the available days (being the number of days that the vessel was operated by the Group during the charter period minus days without charter hire due to repair and maintenance and between two charter periods and days agreed with the charterers due to speed claims or any other reasonable claims arising from the under-performance of the vessel) for the relevant time period
“Director(s)”	director(s) of the Company
“dwt”	an acronym for deadweight tonnage, a measure expressed in metric tons or long tons of a ship’s carrying capacity, including cargoes, bunker, fresh water, crew and provisions
“First Completion”	the completion of the issue and subscription of the First Convertible Bonds in accordance with the terms and conditions of the Subscription Agreement
“First Completion Date”	the date of First Completion, being 2 September 2013

“First Convertible Bonds”	the first tranche of convertible bonds in the principal amount of US\$3,000,000 due 2018 issued by the Company for subscription by Ablaze Rich pursuant to the terms and conditions of the Subscription Agreement
“GH FORTUNE/GH PROSPERITY Loan”	a term loan for the aggregate principal amount of US\$16 million in two tranches for the purpose of financing or refinancing the acquisition costs of GH FORTUNE and GH PROSPERITY. US\$10.4 million of the principal amount of such term loan shall be repaid by 20 quarterly instalments, and US\$5.6 million thereof shall be repaid by 12 quarterly instalments, commencing three months from 5 December 2013
“GH GLORY Loan”	a term loan for the principal amount of US\$26 million for financing the acquisition costs of GH GLORY. 70% of the principal amount of the bank loan shall be repayable by 28 consecutive quarterly instalments of US\$650,000 commencing three months from the drawdown date, and the remaining 30% of the principal amount of the loan to be repaid together with the last quarterly instalment
“GH HARMONY Loan”	a term loan for the principal amount of US\$16 million for financing the acquisition costs of GH HARMONY. The principal amount of the bank loan shall be repayable by 28 consecutive quarterly instalments commencing three months from 14 July 2014
“GH POWER Loan”	a term loan for the principal amount of US\$39 million for financing the acquisition costs of GH POWER. The principal amount shall be repaid by 40 quarterly instalments commencing three months from 11 February 2008
“Great Ocean”	Great Ocean Shipping Limited (浩洋船務有限公司), a company incorporated in the BVI on 29 September 2006 and a wholly-owned subsidiary of the Company
“Greater Shipping”	Greater Shipping Co., Ltd. (榮達船務有限公司), a company incorporated in the BVI on 31 May 2002 and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$” and “HK cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joy Ocean”	Joy Ocean Shipping Limited (悅洋船務有限公司), a company incorporated in the BVI on 21 October 2004 and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock market operated by the Stock Exchange, which excludes Growth Enterprise Market of the Stock Exchange and the options market
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Mr. Yan”	Mr. Yan Kim Po (殷劍波先生), the chairman of the Board, an executive Director and the husband of Ms. Lam
“Ms. Lam”	Ms. Lam Kwan (林群女士), the chief executive officer of the Company, an executive Director and the wife of Mr. Yan



Glossary

“PRC” or “China”	the People’s Republic of China which, for the purposes of this interim report only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prosperity Plus”	Prosperity Plus Enterprises Limited, a company incorporated in the BVI on 21 March 2011 and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Second Convertible Bonds”	the second tranche of convertible bonds in the principal amount of US\$5,000,000 to be issued by the Company for subscription by Ablaze Rich pursuant to the terms and conditions of the Subscription Agreement. As disclosed in the Company’s announcement dated 2 September 2014, the issue of the Second Convertible Bonds did not proceed to completion and had lapsed accordingly
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company approved and adopted by an ordinary resolution of the shareholders at the annual general meeting of the Company held on 19 August 2011
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Convertible Bonds by Ablaze Rich pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the agreement dated 5 July 2013 and entered into between the Company and Ablaze Rich in respect of the Subscription
“Union Apex”	Union Apex Mega Shipping Limited (聯合佳成船務有限公司), a company incorporated in Hong Kong on 2 December 2009 and a wholly-owned subsidiary of the Company
“United Edge”	United Edge Holdings Limited, a company incorporated in the BVI on 18 April 2013 and a wholly-owned subsidiary of the Company
“US”	the United States of America
“US\$” and “US cents”	US dollars and cents, respectively, the lawful currency of the US
“Way Ocean”	Way Ocean Shipping Limited, a company incorporated in the BVI on 8 October 2010 and a wholly-owned subsidiary of the Company



CORPORATE INFORMATION

Board of Directors

Executive Directors

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

Independent non-executive Directors

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Company secretary

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

Authorised representatives

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

Registered office

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

Headquarters and principal place of business in Hong Kong

12th Floor
200 Gloucester Road
Wanchai
Hong Kong

Principal share registrar and transfer office in the Cayman Islands

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

Hong Kong share registrar and transfer office

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

Auditor

PricewaterhouseCoopers

Legal adviser as to Hong Kong law

Chiu & Partners

Principal bankers

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

Stock code

3683

Website address

www.greatharvestmg.com

FINANCIAL HIGHLIGHTS

	Six months ended 30 September (Unaudited)	
	2015 US\$'000	2014 US\$'000
Revenue	4,540	9,370
Gross loss	2,735	1,303
Loss for the period and total comprehensive loss attributable to owners of the Company	10,769	3,871
Loss per share for loss attributable to owners of the Company (US\$ Cents)	1.23 cents	0.47 cents
	30 September 2015 (Unaudited) US\$'000	31 March 2015 (Audited) US\$'000
Total assets	113,990	116,505
Total liabilities	(50,092)	(63,156)
Net assets	63,898	53,349

MANAGEMENT DISCUSSION AND ANALYSIS

Market review

**Daily Variation Chart of the Baltic Dry Index (BDI),
and the Baltic Panamax Index (BPI)
1 April 2015–30 September 2015**



BDI half-year-high at 1,222 in August 2015, half-year-low at 573 in May 2015, half-year-average at 808
BPI half-year-high at 1,170 in July 2015, half-year-low at 522 in June 2015, half-year-average at 807

It was again a very difficult year for the dry bulk marine transportation industry in 2015. The freight rate of dry bulk cargoes has been stagnant since early 2015. In the beginning of the year, the Baltic Dry Index reached its lowest level since its inception in 1985. The plight of the freight market was attributable to the oversupply of dry bulk vessels. According to the statistics of vessel agencies, the dry bulk cargo fleet expanded by approximately 2% this year but the demand for marine transportation of dry bulk cargoes only recorded a 2% to 3% increase. Since it is unlikely to see a surge in the demand for marine transportation of dry bulk cargoes, the freight rate will still be suppressed by the demand-supply contradiction, and could only be alleviated and changed over a relatively long period of time.

During the period between July and August 2015, the freight rate in the spot market rebounded on the rally in the freight rate of capesize vessels. Although the Baltic Dry Index once hit its yearly high of 1,222 points in August 2015, this only reflected the increasing volatility in the spot freight market, with the spot freight rate still hovering at low levels. Given the slow economic growth in general, a rapid rise in the demand for marine transportation of dry bulk cargoes is unlikely in 2015. The hope of an increase in dry bulk cargo import by China was dashed by an overall decrease in volume due to the plunge in coal import. Despite its slower expansion, the dry bulk cargo fleet size still recorded positive net growth of approximately 15 million dwt between January and September 2015, putting considerable pressure on the freight market.



Management Discussion and Analysis

Due to the depressed freight market, the price for second-hand vessels slumped in the first half of 2015 before stabilising at excessively low levels, extending the double depression of freight rate and vessel price in the dry bulk marine transportation market. On the other hand, there are some slightly positive factors, including (i) the increase in bulk grain import as well as steel and fertiliser export by China, which is beneficial to dry bulk vessels with smaller capacities; (ii) the increase in various types of cargo transporting from South America to the Far East, which extends the travel distance; and (iii) the considerable reduction in bunker fuel price, which lowers transportation costs. It is hoped that the increase in vessel dismantling will alleviate the imbalance between demand and supply in the freight market and eventually improve the situation and lead to a recovery in the spot freight market.

Vessel owners were under great operational pressure due to the depressed freight rate of dry bulk vessels. New policies and regulations promulgated in various areas around the world pushed up the operation and management costs of vessels further. In particular, the implementation of new environmental regulations and the use of ultralow sulphur fuel all contributed to the severe operating environment faced by vessel owners.

Business overview

For the six months ended 30 September 2015, the Group's vessels were under sound operation. The size of the Group's fleet reduced slightly as compared to the corresponding period last year, with total carrying capacity of 319,923 dwt. Meanwhile, the average age of the fleet decreased to nine years. The Group's fleet maintained a high operational level with an occupancy rate of 96.5%. The average daily charter rate of its vessels was approximately US\$6,012.94, the same level as that of panamax vessels under the Baltic Panamax Index during the period, which represented a decrease of approximately 32% as compared to the corresponding period last year. There were no considerable receivables or commercial disputes as the Group had collected almost all of its freight and charter charges. Further, the Group's fleet achieved a record of zero adverse incidents. Currently, the Group's fleet has a coverage rate of about 78% for the second half of 2015 and all vessels are operating in the spot market. The Group was able to exert stringent control over costs and expenses in the course of vessel management and strived to minimise voyage expenses to maintain the management expenses of the Group's vessels within budget.

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

On 14 April 2015, the Group entered into a memorandum of understanding with an independent third party to dispose of a panamax dry bulk vessel at a consideration of US\$3,690,000 (equivalent to approximately HK\$28,782,000). The vessel was delivered to the purchaser and the disposal was completed on 18 May 2015.

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

Outlook

The market is pessimistic about the outlook of the spot freight rate for dry bulk cargoes in 2015. It is believed that both the spot rate and average daily income of vessels will stay at low levels and there will be no substantial change to the current supply glut of vessels. Although the dry bulk fleet in 2015 only expanded by about 2% which is the smallest in recent years, growth in dry bulk marine transportation is also the slowest at a rate of about 2% only. The International Monetary Fund's (IMF) forecast for global economic growth in 2015 has dwindled from 3.8% in October 2014 and 3.5% in January and April 2015 to the current 3.3%. Its forecast on international trade volume has also been lowered accordingly. Given the bleak economic growth in general, the demand for marine transportation of dry bulk cargoes is not expected to grow significantly. Therefore, oversupply of dry bulk vessels will continue to undermine the freight market and keep the spot rate at low levels. The market is observing the seasonal demand for grain transportation in North America in the hope of seeing a freight rebound by the end of 2015. However, this rebound will mainly benefit vessels with smaller carrying capacities, such as our panamax vessels, and have a limited impact on the overall dry bulk freight market.

According to statistics from shipping broker companies, marine transportation of major dry bulk cargoes such as iron ore and coal would not increase much this year. Meanwhile, changes in the volume of other cargoes would only have little influence on the overall demand. Although the dry bulk fleet is expected to grow at a slower pace this year, the market still hopes to alleviate the supply glut in the freight market by dismantling more old vessels in order to facilitate a spot freight rebound. Recently, the price for bunker fuel has declined thanks to falling crude oil price and is expected to stay low for a longer period. This will have a positive impact on vessel operations.

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

On 1 October 2015, the Group acquired two companies, namely Access Key Investment Limited (incorporated in BVI) ("AKI") and its wholly owned subsidiary, Well Century International Limited (incorporated in Hong Kong and holding a money lenders licence) ("WCI") from Mr. Yan and Ms. Lam, being the controlling shareholders and executive directors of the Company, at a total consideration of less than US\$10,000 which was determined based on the total assets of these companies. These companies had no active business operation or substantial assets or liabilities upon their acquisition by the Group. The acquisition was made on normal commercial terms and in the ordinary and usual course of business of the Group and fell within the de minimis exemption under Rule 14A.76(1) of the Listing Rules. In addition, on 4 November 2015, the Group acquired and activated Delight Beauty Investments Limited ("DBI"), a shelf company incorporated in BVI, as a wholly owned subsidiary of the Group. The Group intends to commence its money lending business through WCI and conduct securities investment through DBI, and will comply with the applicable requirements under the Listing Rules (including but not limited to the notifiable transaction requirements under Chapter 14 of the Listing Rules) in relation to any money lending and securities investment transaction.



Management Discussion and Analysis

Financial review

Revenue

Revenue of the Group decreased from about US\$9.4 million for the six months ended 30 September 2014 to about US\$4.5 million for the six months ended 30 September 2015, representing a decrease of about US\$4.9 million, or about 51.5%. It comprised time charter income of approximately US\$4.5 million (constituted approximately 100% of the revenue of the Group) and no voyage charter income derived for the period under review. The average Daily TCE of the Group's fleet decreased from approximately US\$8,800 for the six months ended 30 September 2014 to approximately US\$6,000 for the six months ended 30 September 2015.

Cost of services

Cost of services of the Group dropped from about US\$10.7 million for the six months ended 30 September 2014 to about US\$7.3 million for the six months ended 30 September 2015, representing a decrease of about US\$3.4 million, or about 31.8%. The cost of services was mainly affected by (i) the decrease in depreciation expenses after impairment loss of vessels recognized last year; (ii) the disposal of a vessel during the six months ended 30 September 2015; and (iii) the decrease in bunker and other direct cost due to the decrease in voyage charters performed.

Gross loss

Gross loss of the Group increased from about US\$1.3 million for the six months ended 30 September 2014 to about US\$2.7 million for the six months ended 30 September 2015, representing a difference of approximately US\$1.4 million, while the gross loss margin further deteriorated from approximately 13.9% for the six months ended 30 September 2014 to approximately 60.2% for the six months ended 30 September 2015. It was mainly attributable to the decrease in Daily TCE of the Group's vessels.

General and administrative expenses

General and administrative expenses of the Group increased from approximately US\$1.2 million for the six months ended 30 September 2014 to approximately US\$1.9 million for the six months ended 30 September 2015, representing an increase of approximately US\$0.7 million or approximately 59.1%. It was due to the share options granted on 30 April 2015 being fully accounted for as expenses during the six months ended 30 September 2015.

Finance costs

Finance costs of the Group increased from approximately US\$1.0 million for the six months ended 30 September 2014 to approximately US\$1.2 million for the six months ended 30 September 2015, representing an increase of approximately US\$0.2 million or approximately 15.8%. Such increase was mainly attributable to the loan raised for financing the acquisition costs of a vessel.

Loss and total comprehensive loss

The Group incurred a loss of approximately US\$10.8 million for the six months ended 30 September 2015 as compared with a loss of approximately US\$3.9 million for the six months ended 30 September 2014. Such increase was mainly due to (i) the impairment losses of US\$5.1 million of the Group's vessels; (ii) the increase in gross loss of approximately US\$1.4 million; (iii) the increase in share based payments; and (iv) the increase in finance costs.

Liquidity, financial resources, capital structure and gearing ratio

As at 30 September 2015, the Group's cash and cash equivalent amounted to approximately US\$14.1 million (as at 31 March 2015: approximately US\$0.4 million), of which approximately 7.7% was denominated in US\$ and approximately 92.3% in HK\$. Outstanding bank loans amounted to approximately US\$44.5 million (as at 31 March 2015: approximately US\$54.2 million) and other borrowings amounted to US\$3.8 million (as at 31 March 2015: approximately US\$6.6 million), which were denominated in US\$.

As at 30 September 2015 and 31 March 2015, 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 42.4% and 52.2% respectively. The decrease in gearing ratio as at 30 September 2015 was mainly due to the repayment of loan from ultimate holding company and the bank borrowings repayment during the period under review.

The Group recorded net current liabilities of about US\$2.3 million as at 31 March 2015, as compared with net current assets of about US\$9.0 million as at 30 September 2015, representing an increase of about US\$11.3 million. Such increase was mainly due to the placing of new Shares under general mandate in June 2015.

The Group monitors the current and expected liquidity requirements regularly to mitigate the effects of fluctuations in cash flows. The Company entered into two loan facility agreements with Ablaze Rich on 17 February 2015 and 28 April 2015 for loan facilities in the total amount of US\$3,000,000 (the "First Facility") and US\$2,000,000 (the "Second Facility") respectively. The full loan amount had been drawn down by the Company under the First Facility and would be repayable on or before 16 February 2017, while US\$1,000,000 had been drawn down by the Company under the Second Facility and would be repayable on or before 27 April 2017. Both loan facilities were unsecured and carried an interest of 4% per annum. As at 30 September 2015, the drawn amount under the First Facility and the Second Facility had been fully repaid by the Company with the net proceeds from the placing of new Shares in June 2015. The disinterested members of the Board (including the independent non-executive Directors) consider that as the First Facility and Second Facility are on terms that are normal commercial terms or better and are not secured by the assets of the Group, the receipt of financial assistance by the Group thereunder are fully exempt under Rule 14A.90 of the Listing Rules.

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



Management Discussion and Analysis

Convertible Bonds

On 5 July 2013, the Company entered into the Subscription Agreement with Ablaze Rich in respect of the issue and subscription of the Convertible Bonds in an aggregate principal amount of US\$8,000,000 comprising the First Convertible Bonds in the principal amount of US\$3,000,000 and the Second Convertible Bonds in the principal amount of US\$5,000,000, which may be converted into 19,763,513 and 32,939,189 Conversion Shares respectively, at the conversion price of HK\$1.184 per Conversion Share at the exchange rate of HK\$7.8 to US\$1.0.

The First Completion took place on 2 September 2013. The net proceeds from the issue of the First Convertible Bonds had been utilised as general working capital of the Group. On 2 September 2014, the Company announced that the issue of the Second Convertible Bonds did not proceed to completion and had lapsed accordingly (the “Non-Completion”).

Further details of the issue of the Convertible Bonds and the Non-completion are set out in the announcements of the Company dated 5 July 2013, 2 September 2013 and 2 September 2014, and the circular of the Company dated 23 July 2013.

As at 30 September 2015, the entire principal amount of the First Convertible Bonds remained outstanding.

Placing of new Shares under general mandate

On 9 June 2015, the Company entered into to a placing agreement with a placing agent, pursuant to which the placing agent has agreed to place, on a best endeavour basis, up to 83,000,000 new ordinary Shares to not less than six placees at the placing price of HK\$1.982 per Share. The placing was completed and a total of 83,000,000 Shares were allotted and issued on 23 June 2015 to not less than six placees. Please refer to the announcements of the Company dated 9 June 2015 and 23 June 2015 for details of the placing. The Company intends to use the net proceeds for the Group’s general working capital purposes. As at 30 September 2015, part of the net proceeds had been utilised by the Group for repayment of the First Facility and the Second Facility.

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 2015, the Group recorded outstanding bank loans of about US\$44.5 million and carried interest at floating rate. The bank loans, namely the GH FORTUNE/GH PROSPERITY Loan, the GH POWER Loan, the GH GLORY Loan and the GH HARMONY Loan, were for financing the acquisition costs of vessels of the Group and were secured by, inter alia, the following:

- Corporate guarantee from the Company;
- First preferred mortgages over the vessels held by Bryce Group, Joy Ocean, Way Ocean, Prosperity Plus and United Edge respectively;

- Assignment of the charter-hire income and insurance in respect of the vessels held by Bryce Group, Joy Ocean, Way Ocean, Prosperity Plus and United Edge respectively;
- Charges over shares of each of Bryce Group, Joy Ocean, Way Ocean, Prosperity Plus and United Edge.

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

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

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

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

Charges on assets

As at 30 September 2015, the Group had pledged the following assets to banks as securities against banking facilities granted to the Group:

	30 September 2015 US\$'000 (Unaudited)	31 March 2015 US\$'000 (Audited)
Property, plant and equipment	94,985	102,932
Asset classified as held for sale	—	3,608
Pledged bank deposits	3,327	7,152
	98,312	113,692

Exposure to fluctuations in exchange rate risk and related hedges

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

During the six months ended 30 September 2015, the Group had entered into an interest rate swap to hedge for the future fluctuations of London Interbank offered rate or cost of fund arising from the Group's variable-rate borrowings. The total notional principal amount of the outstanding interest rate swap as at 30 September 2015 was US\$12,550,000 (as at 31 March 2015: US\$13,100,000).



Management Discussion and Analysis

Contingent liabilities

There were no significant contingent liabilities for the Group as at 30 September 2015.

Interim dividend

The Board does not recommend any interim dividend for the six months ended 30 September 2015 (six months ended 30 September 2014: Nil).

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

Neither the Company nor any of its subsidiaries had purchased, redeemed or cancelled any of the Company's listed securities during the six months ended 30 September 2015.

Employees

As at 30 September 2015, the Group had a total of 95 employees (as at 30 September 2014: 120 employees). For the six months ended 30 September 2015, the total salaries and related costs (including Directors' fees) amounted to approximately US\$3.2 million (as at 30 September 2014: US\$2.8 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 54, is the chairman of the Company, an executive Director and the co-founder of the Group. Mr. Yan is the spouse of Ms. Lam. Mr. Yan is primarily responsible for the operation of the Board and is the key decision-maker of the Group. He is responsible for the Group's overall strategic planning and the management and development of the Group's businesses. Mr. Yan is also a director of each of the subsidiaries of the Company. Mr. Yan is an experienced entrepreneur and has extensive experience in the marine transportation industry and in the investment, development, production, processing, operation and trading of the mining and steel industry. Mr. Yan was appointed as Justice of Peace and was granted a Doctor of Philosophy Honoris Causa from Lansbridge University, Canada. He was also honoured as World Outstanding Chinese in 2010. He is currently a director of Adex Mining Inc. (TSXV Stock code: ADE), a company listed on the TSX Venture Exchange in Canada. He is also a fellow of the Hong Kong Institute of Directors and the chairman 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' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this interim report.

Ms. LAM Kwan (林群), aged 48, is the chief executive officer of the Company, an executive Director and the co-founder of the Group. Ms. Lam is the spouse of Mr. Yan. Ms. Lam is primarily responsible for the Group's day-to-day management and overall business operations as well as its finance and administrative management. She is also a director of each of the subsidiaries of the Company. Ms. Lam has extensive experience in the marine transportation industry. Ms. Lam is currently a director of Adex Mining Inc. (TSXV Stock code: ADE), a company listed on the TSX Venture Exchange in Canada. She is also a director of Pok Oi Hospital, an honorary director of Hong Kong Baptist University Foundation and a fellow of the Hong Kong Institute of Directors. She graduated from Dongbei University of Finance and Economics in 1990 with a bachelor's degree in English for Finance in the Department of Foreign Language for Finance. Ms. Lam is currently a director of Ablaze Rich, which 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' 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 59, has been serving as an executive Director of the Company since June 2010. Mr. Cao is responsible for the Group's overall operational management. Mr. Cao has more than 32 years of experience in the marine transportation industry. Mr. Cao has been a captain of ocean-going cargo ships since around 1982. Before joining the Group, he had worked for 廣州海順船務有限公司 (Guangzhou Hai Shun Shipping Corporation) as a captain from 1985 to 1989. Mr. Cao also worked for Hong Kong Ming Wah Shipping Company Limited as an operator, chartering member, deputy manager, manager and vice-president from 1989 to 2000. He also held management position as a manager at Valles Steamship Company Limited from 2001 to 2002. Mr. Cao completed the training course for international shipping professional education and obtained a certificate of completion from 上海海運學院 (Shanghai Maritime Institute) in December 1991 through long



Board Of Directors and Senior Management

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’ 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 64, 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 PetroAsian Energy Holdings Limited (Stock Code: 850) and NewOcean Energy Holdings Limited (Stock Code: 342). Mr. Cheung had been an independent non-executive director of Gold Tat Group International Limited (formerly known as Mobile Telecom Network (Holdings) Limited) (Stock Code: 8266), a company listed on the Growth Enterprise Market of the Stock Exchange, from August 2010 to March 2015. Mr. Cheung has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed “Corporate Governance and Other Information — Directors’ 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), aged 58, 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 had also been the chairman of the Commission on Youth of Hong Kong from April 2009 to March 2015. Dr. Chan was appointed as Justice of Peace in 2002 and was awarded the Bronze Bauhinia Star medal in 2004, the Silver Bauhinia Star medal in 2009 and the Gold Bauhinia Star medal in 2014 by the government of Hong Kong. Dr. Chan was conferred Doctor of Business Administration, honoris causa, in December 2013 by the Open University of Hong Kong. Dr. Chan is currently also an independent non-executive director of two companies listed on the Main Board of the Stock Exchange, namely Li Ning Company Limited (Stock Code: 2331) and Speedy Global Holdings Limited (Stock Code: 540). Dr. Chan has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed “Corporate Governance and Other Information — Directors’ 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 61, has been serving as an independent non-executive Director of the Company since September 2010. Mr. Wai was appointed as Justice of Peace in July 2002 and was awarded the Silver Bauhinia Star medal in 2008 by the government of Hong Kong. Mr. Wai had been an independent non-executive director of Town Health International Medical Group Limited (formerly known as Town Health International Investments Limited) (Stock Code: 3886), a company listed on the Main Board of the Stock Exchange, from July 2002 to September 2015. Mr. Wai has an interest in such number of Shares under Part

XV of the SFO as disclosed in the section headed “Corporate Governance and Other Information — Directors’ 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 44, is the vice general manager of the Group. Mr. Sung is responsible for the Group’s overall operational management. He obtained his bachelor’s degree in Maritime Management from Dalian Maritime University (大連海事大學) in July 1995. Mr. Sung has extensive experiences in the marine transportation industry and he joined the Group in June 2010 as the vice general manager of Union Apex. Before joining Union Apex, Mr. Sung was the chartering manager of Million Miles Shipping (Hong Kong) Limited from March 2003 to June 2010. Before joining Million Miles Shipping (Hong Kong) Limited, Mr. Sung also worked for COSCO (Hong Kong) Shipping Co., Ltd., a subsidiary of China COSCO Holdings Company Limited (Stock Code: 1919), a company listed on the Main Board of the Stock Exchange, from February 2000 to February 2003.

Mr. LAU Ying Kit (劉英傑), aged 41, has been serving as the chief financial officer and company secretary of the Company since August 2010. Mr. Lau is responsible for the oversight of the Group’s financial and accounting operations, and company secretarial and internal control function. Mr. Lau is a fellow member of the Hong Kong Institute of Certified Public Accountants and holds a master degree in finance from the City University of Hong Kong. Mr. Lau gained extensive experience in auditing, accounting and financing across the PRC and Hong Kong. Prior to joining the Group, Mr. Lau had worked as the chief financial officer and company secretary in several listed companies in Hong Kong. He is currently also a director of Adex Mining Inc. (TSXV Stock code: ADE), a company listed on the TSX Venture Exchange in Canada and an independent non-executive director of two companies listed on the Main Board of the Stock Exchange, namely Kingdom Holdings Limited (Stock Code: 528) and Xiezhong International Holdings Limited (Stock Code: 3663), and a company listed on the Growth Enterprise Market of the Stock Exchange, namely China Wood Optimization (Holding) Limited (Stock Code: 8099).

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 September 2015, 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 9)
Mr. Yan	Interest of controlled corporation (Note 2)	616,322,500 (L)	—	67.28%
	Beneficial owner (Note 3)	—	2,100,000 (L)	0.23%
	Family interest (Note 3)	—	2,100,000 (L)	0.23%
	Interest of controlled corporation (Note 4)	—	19,763,513 (L)	2.16%
Ms. Lam	Interest of controlled corporation (Note 2)	616,322,500 (L)	—	67.28%
	Beneficial owner (Note 3)	—	2,100,000 (L)	0.23%
	Family interest (Note 3)	—	2,100,000 (L)	0.23%
	Interest of controlled corporation (Note 4)	—	19,763,513 (L)	2.16%
Mr. Cao Jiancheng	Beneficial owner (Note 5)	500,000 (L)	7,800,000 (L)	0.91%
Mr. Cheung Kwan Hung	Beneficial owner (Note 6)	—	800,000 (L)	0.09%
Dr. Chan Chung Bun, Bunny	Beneficial owner (Note 7)	—	800,000 (L)	0.09%
Mr. Wai Kwok Hung	Beneficial owner (Note 8)	100,000 (L)	300,000 (L)	0.04%

Notes:

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

Corporate Governance and Other Information

- (2) These 616,322,500 Shares were held by Ablaze Rich, the entire issued share capital of which was owned as to 51% by Mr. Yan and 49% by Ms. Lam, who were also directors of Ablaze Rich. Each of Mr. Yan and Ms. Lam was deemed to be interested in the Shares held by Ablaze Rich by virtue of the SFO.
- (3) On 21 October 2011, each of Mr. Yan and Ms. Lam was granted share options of the Company in respect of 2,100,000 Shares pursuant to the Share Option Scheme. All these share options remained outstanding as at 30 September 2015. 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 19,763,513 Shares represented the Conversion Shares which may be allotted and issued to Ablaze Rich upon the exercise of the conversion rights attached to the First Convertible Bonds in the principal amount of US\$3,000,000, at a conversion price of HK\$1.184 per Conversion Share, at the exchange rate of HK\$7.8 to US\$1.0. The First Convertible Bonds were issued by the Company and subscribed by Ablaze Rich on 2 September 2013. Ablaze Rich had not yet exercised the conversion rights attached to the First Convertible Bonds as at 30 September 2015. Pursuant to the Subscription Agreement, Ablaze Rich would only convert the Convertible Bonds in a manner that would not cause the Company to be in breach of the public float requirement of the Shares under Rule 8.08 of the Listing Rules. As the entire issued share capital of Ablaze Rich was owned as to 51% by Mr. Yan and 49% by Ms. Lam, each of Mr. Yan and Ms. Lam was deemed to be interested in these 19,763,513 Shares by virtue of the SFO.
- (5) On 21 October 2011 and 30 April 2015, Mr. Cao Jiancheng was granted share options of the Company in respect of 6,000,000 Shares and 2,300,000 Shares respectively pursuant to the Share Option Scheme. 7,800,000 share options remained outstanding as at 30 September 2015.
- (6) 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 2015.
- (7) 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 2015.
- (8) 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 2015.
- (9) The percentage is calculated on the basis of 916,050,000 Shares in issue as at 30 September 2015.

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 2015, 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

Corporate Governance and Other Information

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 2015, the following persons (other than a Director or chief executive of the Company) were interested in 5% or more of the issued share capital of the Company which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules:

Number of shareholder	Capacity/Nature of interest	Name of Shares held (Note 1)	Number of underlying Shares held (Note 1)	Approximate percentage of interest (%) (Note 3)
Ablaze Rich	Beneficial owner	616,322,500 (L)	—	67.28%
	Beneficial owner (Note 2)	—	19,763,513 (L)	2.16%
廣州匯垠發展投資合伙企業 (for identification only, Guangzhou Huiyin Development Investment Partnership Enterprise)	Investment manager	91,000,000 (L)	—	9.93%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares or underlying Shares of the Company.
- (2) These 19,763,513 Shares represented the Conversion Shares which may be allotted and issued to Ablaze Rich upon the exercise of the conversion rights attached to the First Convertible Bonds in the principal amount of US\$3,000,000, at a conversion price of HK\$1.184 per Conversion Share, at the exchange rate of HK\$7.8 to US\$1.0. The First Convertible Bonds were issued by the Company and subscribed by Ablaze Rich on 2 September 2013. Ablaze Rich had not yet exercised the conversion rights attached to the First Convertible Bonds as at 30 September 2015. Pursuant to the Subscription Agreement, Ablaze Rich would only convert the Convertible Bonds in a manner that would not cause the Company to be in breach of the public float requirement of the Shares under Rule 8.08 of the Listing Rules.
- (3) The percentage is calculated on the basis of 916,050,000 Shares in issue as at 30 September 2015.

Save as disclosed above, as at 30 September 2015, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Share Option Scheme

The Company 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 9.06% 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.



Corporate Governance and Other Information

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

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

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

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

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

Corporate Governance and Other Information

During the six months ended 30 September 2015, 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 30 September 2015
					Outstanding as at 1 April 2015	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	
Directors										
Mr. Yan	21 October 2011	21 October 2012–20 October 2021	\$1.15	\$1.15	700,000	—	—	—	—	700,000
	21 October 2011	21 October 2013–20 October 2021	\$1.15	\$1.15	700,000	—	—	—	—	700,000
	21 October 2011	21 October 2014–20 October 2021	\$1.15	\$1.15	700,000	—	—	—	—	700,000
					2,100,000	—	—	—	—	2,100,000
Ms. Lam	21 October 2011	21 October 2012–20 October 2021	\$1.15	\$1.15	700,000	—	—	—	—	700,000
	21 October 2011	21 October 2013–20 October 2021	\$1.15	\$1.15	700,000	—	—	—	—	700,000
	21 October 2011	21 October 2014–20 October 2021	\$1.15	\$1.15	700,000	—	—	—	—	700,000
					2,100,000	—	—	—	—	2,100,000
Mr. Cao Jiancheng	21 October 2011	21 October 2012–20 October 2021	\$1.15	\$1.15	2,000,000	—	500,000	—	—	1,500,000
	21 October 2011	21 October 2013–20 October 2021	\$1.15	\$1.15	2,000,000	—	—	—	—	2,000,000
	21 October 2011	21 October 2014–20 October 2021	\$1.15	\$1.15	2,000,000	—	—	—	—	2,000,000
	30 April 2015	30 April 2015–29 April 2025	\$1.15	\$1.20	—	2,300,000	—	—	—	2,300,000
					6,000,000	2,300,000	500,000	—	—	7,800,000
Mr. Cheung Kwan Hung	30 April 2015	30 April 2015–29 April 2025	\$1.15	\$1.20	—	800,000	—	—	—	800,000
						800,000	—	—	—	800,000
Dr. Chan Chung Bun, Bunny	30 April 2015	30 April 2015–29 April 2025	\$1.15	\$1.20	—	800,000	—	—	—	800,000
						800,000	—	—	—	800,000
Mr. Wai Kwok Hung	30 April 2015	30 April 2015–29 April 2025	\$1.15	\$1.20	—	800,000	500,000	—	—	300,000
						800,000	500,000	—	—	300,000
Sub-total					10,200,000	4,700,000	1,000,000	—	—	13,900,000
Employees	21 October 2011	21 October 2012–20 October 2021	\$1.15	\$1.15	2,500,000	—	200,000	—	—	2,300,000
	21 October 2011	21 October 2013–20 October 2021	\$1.15	\$1.15	2,500,000	—	—	—	—	2,500,000
	21 October 2011	21 October 2014–20 October 2021	\$1.15	\$1.15	2,500,000	—	—	—	—	2,500,000
Employees	30 April 2015	30 April 2015–29 April 2025	\$1.15	\$1.20	—	3,500,000	—	—	—	3,500,000
Sub-total					7,500,000	3,500,000	200,000	—	—	10,800,000
Others	30 April 2015	30 April 2015–29 April 2025	\$1.15	\$1.20	—	5,900,000	1,850,000	—	—	4,050,000
Sub-total					—	5,900,000	1,850,000	—	—	4,050,000
Total					17,700,000	14,100,000	3,050,000	—	—	28,750,000



Corporate Governance and Other Information

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 2015 and up to the date of this interim report, the Company has been in compliance with the code provisions set out in the CG Code.

Compliance with the Model Code

The Company has adopted the Model Code as its code of conduct regarding Directors' securities transactions. The Directors have confirmed that, following specific enquiry by the Company, they have complied with the required standards as set out in the Model Code throughout the six months ended 30 September 2015 and up to the date of this interim report.

Appreciation

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

On behalf of the Board
Yan Kim Po
Chairman

Hong Kong, 30 November 2015



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 general review of the unaudited condensed consolidated financial information of the Group for the six months ended 30 September 2015. In carrying out this review, the Audit Committee has relied on a review conducted by the Group's external auditor 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 not undertaken detailed independent audit checks.

Members of the Audit Committee

Mr. CHEUNG Kwan Hung (*Chairman*)

Dr. CHAN Chung Bun, Bunny

Mr. WAI Kwok Hung

Hong Kong, 30 November 2015

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 27 to 48, which comprises the 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 2015 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 30 November 2015

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Great Harvest Maeta Group Holdings Limited

Interim Report 2015

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2015

	Note	Unaudited Six months ended 30 September 2015 US\$'000	2014 US\$'000
Revenue	6	4,540	9,370
Cost of services		(7,275)	(10,673)
Gross loss		(2,735)	(1,303)
Other gains/(losses) — net	7	33	(375)
Other income		111	13
General and administrative expenses		(1,922)	(1,208)
Impairment loss on property, plant and equipment		(5,100)	—
Operating loss	8	(9,613)	(2,873)
Finance income	9	2	2
Finance costs	9	(1,158)	(1,000)
Finance costs — net	9	(1,156)	(998)
Loss before income tax		(10,769)	(3,871)
Income tax expense	10	—	—
Loss for the period and total comprehensive loss attributable to owners of the Company		(10,769)	(3,871)
Loss per share attributable to owners of the Company			
— Basic and diluted	11	(1.23 cents)	(0.47 cents)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	Note	Unaudited 30 September 2015 US\$'000	Audited 31 March 2015 US\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	94,987	102,935
Pledged bank deposits		1,750	3,774
		96,737	106,709
Current assets			
Trade and other receivables	14	1,566	2,389
Pledged bank deposits		1,577	3,378
Cash and cash equivalents		14,110	421
		17,253	6,188
Asset classified as held for sale	15	—	3,608
		17,253	9,796
Total assets		113,990	116,505
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	1,174	1,064
Reserves		62,724	52,285
Total equity		63,898	53,349
LIABILITIES			
Non-current liabilities			
Borrowings	17	37,772	47,192
Convertible bonds	18	3,814	3,604
Derivative financial instruments	19	287	278
		41,873	51,074
Current liabilities			
Other payables and accruals	20	1,471	2,070
Borrowings	17	6,748	10,012
		8,219	12,082
Total liabilities		50,092	63,156
Total equity and liabilities		113,990	116,505
Net current assets/(liabilities)		9,034	(2,286)
Total assets less current liabilities		105,771	104,423

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	Unaudited						
	Attributable to owners of the Company						
	Share capital US\$'000	Share premium US\$'000	Share option reserve US\$'000	Special reserve US\$'000	Other reserves US\$000	Retained profits US\$'000	Total equity US\$'000
Balance at 1 April 2015	1,064	25,120	1,043	46	13,636	12,440	53,349
Total comprehensive loss for the period ended 30 September 2015, net of tax	—	—	—	—	—	(10,769)	(10,769)
Transactions with owners in their capacity as owners							
Share option scheme:							
— Share-based compensation benefits	—	—	844	—	—	—	844
— Proceeds from shares issued upon exercise of share options	4	642	(181)	—	—	—	465
Issue of ordinary shares	106	19,903	—	—	—	—	20,009
Total transactions with owners	110	20,545	663	—	—	—	21,318
Balance at 30 September 2015	1,174	45,665	1,706	46	13,636	1,671	63,898
Represented by:							
Reserves							63,898
Interim dividend							—
Balance at 30 September 2015							63,898

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

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2015

	Unaudited Attributable to owners of the Company						
	Share capital US\$'000	Share premium US\$'000	Share option reserve US\$000	Special reserve US\$'000	Other reserves US\$'000	Retained profits US\$'000	Total equity US\$'000
Balance at 1 April 2014	1,064	25,120	979	46	13,636	49,846	90,691
Total comprehensive loss for the period ended 30 September 2014, net of tax	—	—	—	—	—	(3,871)	(3,871)
Transaction with owners in their capacity as owners							
Share option scheme: — Share-based compensation benefits	—	—	32	—	—	—	32
Total transaction with owners	—	—	32	—	—	—	32
Balance at 30 September 2014	1,064	25,120	1,011	46	13,636	45,975	86,852
Represented by:							
Reserves							86,852
Interim dividend							—
Balance at 30 September 2014							86,852

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

	Unaudited Six months ended 30 September 2015 US\$'000	2014 US\$'000
Cash flows from operating activities		
Loss before income tax	(10,769)	(3,871)
Adjustments for:		
— Finance costs	1,158	1,000
— Finance income	(2)	(2)
— Depreciation	2,848	3,935
— Fair value changes in derivative financial instruments	121	(129)
— Share-based payment	844	32
— (Gain)/loss on disposal of property, plant and equipment and bunker	(154)	504
— Impairment loss on property, plant and equipment	5,100	—
Changes in working capital:		
— Trade and other receivables	475	(1,989)
— Other payables and accruals	(599)	(1,127)
Net cash used in operating activities	(978)	(1,647)
Cash flows from investing activities		
Interest received	2	2
Purchase of property, plant and equipment	—	(22,800)
Proceeds from disposal of property, plant and equipment and bunker	502	6,795
Proceeds from disposal of asset classified as held for sale	3,608	—
Net cash generated from/(used in) investing activities	4,112	(16,003)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	20,009	—
Proceeds from shares issued upon exercise of share options	465	—
Interest paid	(1,018)	(681)
Inception of loan from ultimate holding company	1,000	—
Repayments of loan from ultimate holding company	(4,000)	—
Repayments of bank borrowings	(9,726)	(4,074)
Decrease in pledged bank deposits	3,825	3,354
Inception of bank loan	—	16,000
Net cash generated from financing activities	10,555	14,599
Net increase/(decrease) in cash and cash equivalents	13,689	(3,051)
Cash and cash equivalents at beginning of the period	421	6,038
Cash and cash equivalents at end of the period	14,110	2,987

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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

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

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

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

This condensed consolidated interim financial information is presented in US dollars, unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the board of directors on 30 November 2015.

This condensed consolidated interim financial information has not been audited.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 September 2015 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

3 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2015, as described in those annual financial statements.

- (a) Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.
- (b) The following amendments to standards and annual improvements are mandatory for the first time for the financial year beginning 1 April 2015:

HKAS 19 (2011) Amendment	Defined benefit plans: employee contributions
Annual improvements project	Annual improvements 2010–2012 cycle
Annual improvements project	Annual improvements 2011–2013 cycle

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

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

3 Accounting policies (continued)

- (c) The following new standards, amendments to standards and annual improvement have been issued but are not effective for the financial year beginning 1 April 2015 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 1 Amendment	Disclosure initiative	1 January 2016
HKAS 27 Amendment	Equity method in separate financial statements	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture: bearer plants	1 January 2016
HKFRS 9	Financial instruments	1 January 2018
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKFRS 10, HKFRS12 and HKAS 28 (Amendment)	Investments entities applying the consolidation exception	1 January 2016
HKFRS 11 Amendment	Accounting for acquisitions of interests in joint operations	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2018
Annual improvements project	Annual improvements 2012–2014 cycle	1 January 2016

The directors of the Company are in the process of assessing the financial impact of the adoption of the above new standards, amendments to standards and annual improvement. The directors of the Company will adopt the new standards and amendments to standards when become effective.

4 Estimates

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

In preparing the condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar as those that were applied to the consolidated financial statements for the year ended 31 March 2015.

5 Financial risk management

5.1 Financial risk factors

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

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2015.

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

5.2 Cash flow and fair value interest rate risk

The Group's cash flow and fair value interest rate risk arises from bank deposits and long-term borrowings. Bank borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by bank deposits held at variable rates. The Group's convertible bonds issued and loan at fixed interest rate at 4% per annum exposes the Group to fair value interest rate risk. As at 30 September 2015 and 31 March 2015, the Group's bank borrowings at variable rate were denominated in US\$.

Details of the Group's borrowings and convertible bonds are disclosed in Notes 17 and 18 respectively.

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

The Group also entered into an interest rate swap which partly mitigates the Group to cash flow and interest rate risk. Details of the Group's interest rate swap are disclosed in Note 19.

Except for the Company's convertible bonds and loan bearing a fixed interest rate at 4% per annum and bank borrowings bearing floating interest rates, the Company has no significant interest-bearing assets and liabilities. The Company's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact resulted from the changes in interest rates.

As at 30 September 2015, if interest rates on bank borrowings had been fluctuated by 10 basis points with all other variables held constant, the Group's post-tax loss for the period would have been affected by US\$22,000 (six months ended 30 September 2014: US\$29,000), mainly as a result of fluctuation on interest expenses on floating rate bank borrowings.

5 Financial risk management (continued)

5.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding from an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping credit lines available at all time.

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group Finance. Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and exchange control.

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

	Less than 1 year US\$'000	Between 1 and 2 years US\$'000	Between 2 and 5 years US\$'000	Over 5 years US\$'000	Total US\$'000
At 30 September 2015					
Borrowings	6,748	6,869	23,727	7,176	44,520
Interest on borrowings	1,253	1,022	1,127	182	3,584
Derivative financial instruments	287	—	—	—	287
Convertible bonds and interest payable	—	—	3,600	—	3,600
Other payables and accruals	1,200	—	—	—	1,200
At 31 March 2015					
Borrowings	10,012	9,813	27,632	9,747	57,204
Interest on borrowings	1,546	1,483	1,645	404	5,078
Derivative financial instruments	278	—	—	—	278
Convertible bonds and interest payable	—	—	3,600	—	3,600
Other payables and accruals	1,981	—	—	—	1,981

5 Financial risk management (continued)

5.4 Fair value estimation

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

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

The following table presents the Group's financial instruments that are measured at fair value at 30 September 2015.

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Liabilities				
Derivative financial instruments				
— interest rate swap	—	287	—	287
Convertible bonds				
— derivative component	—	859	—	859
	—	1,146	—	1,146

The following table presents the Group's financial liabilities that are measured at fair value at 31 March 2015.

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Liabilities				
Derivative financial instruments				
— interest rate swap	—	278	—	278
Convertible bonds				
— derivative component	—	747	—	747
	—	1,025	—	1,025

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

5 Financial risk management (continued)

5.5 Valuation techniques used to derive Level 2 fair values

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

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

5.6 Group's valuation processes

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

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

The fair values of the trade and other receivables, pledged bank deposits, cash and cash equivalents, other payables and accruals as at 30 September 2015 approximate their carrying amounts due to their short term maturities.

The fair values of the bank borrowings as at 30 September 2015 approximate their carrying amounts as they bear interest at floating rates that are market dependent.

The fair value of the liability component of convertible bonds approximates its carrying amount as the amount bears interest at the commercial rate.

6 Revenue and segment information

Revenue represents the net amounts received and receivable for services rendered by the Group to outside customers and less discounts.

	Six months ended	
	30 September	
	2015	2014
	US\$'000	US\$'000
Time charter income	4,540	8,145
Voyage charter income	—	1,225
	4,540	9,370

Notes to the Condensed Consolidated Interim Financial Information

6 Revenue and segment information (continued)

HKFRS 8 “Operating Segments” requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers (i.e. executive directors) in order to allocate resources to segments and to assess their performance. The information reported to the Group’s chief operating decision makers for the purpose of resource allocation and assessment of performance is prepared based on the overall operation of vessels on a combined basis, hence the Group has only one operating segment.

The chief operating decision makers regularly review the revenue components of time charter income, voyage charter income, which is considered as a single operating segment on a combined basis. The gross profit and profit before tax are also reported internally on a combined basis for the resources allocation and performance assessment by the chief operating decision makers. Accordingly, no separate segment information is prepared.

7 Other gains/(losses) — net

	Six months ended	
	30 September	
	2015	2014
	US\$'000	US\$'000
Fair value (loss)/gain on derivative component of convertible bonds (Note 18)	(112)	179
Fair value loss on derivative financial instruments — Interest rate swap	(9)	(50)
Gain/(loss) on disposal of property, plant and equipment and bunker	154	(504)
	33	(375)

8 Operating loss

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

	Six months ended	
	30 September	
	2015	2014
	US\$'000	US\$'000
Depreciation of property, plant and equipment (Note 13)	2,848	3,935
Crew expenses (included in cost of services)	1,736	2,123
Operating lease rental for land and building	176	167
Employee benefit expenses (including directors’ emoluments)		
Fee, salaries and other benefit costs	600	592
Pension costs — retirement benefit plans	11	11
Share options granted, including directors and employees	844	32

9 Finance costs — net

	Six months ended	
	30 September	
	2015	2014
	US\$'000	US\$'000
Finance income		
Interest income	(2)	(2)
Finance costs		
Interest expense on borrowings	834	792
Arrangement fee on bank borrowings	127	117
Interest expense on convertible bonds (Note 18)	98	91
Interest expense on derivative financial instruments — interest rate swap	99	—
	1,158	1,000
Finance costs — net	1,156	998

10 Income tax expense

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profit generated in Hong Kong for the six months ended 30 September 2015 (six months ended 30 September 2014: Nil).

Taxation on profits has been calculated on the estimated assessable profits for the six months ended 30 September 2015 at the rates of taxation prevailing in the countries/places in which the Group operates.

In the opinion of the directors, there is no taxation arising in other jurisdictions.

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

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

	Six months ended	
	30 September	
	2015	2014
Loss attributable to owners of the Company (US\$'000)	10,769	3,871
Weighted average number of ordinary shares in issue (thousands)	877,047	830,000
Basic loss per share (US cents per share)	1.23	0.47

11 Loss per share (continued)

(b) Diluted

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

Diluted loss per share for the six months ended 30 September 2015 and 2014 equal basic loss per share as the exercise of the outstanding share options and convertible bonds would be anti-dilutive.

12 Dividend

The board of directors does not recommend the payment of interim dividend for the six months ended 30 September 2015 (six months ended 30 September 2014: Nil).

13 Property, plant and equipment

	US\$'000
Six months ended 30 September 2015	
Opening net book amount at 1 April 2015	102,935
Depreciation	(2,848)
Provision for impairment loss	(5,100)
Closing net book amount at 30 September 2015	94,987
Six months ended 30 September 2014	
Opening net book amount at 1 April 2014	122,269
Additions	22,800
Disposals	(7,299)
Depreciation	(3,935)
Closing net book amount at 30 September 2014	133,835

Depreciation expense of approximately US\$2,846,000 (six months ended 2014: US\$3,933,000) has been charged in "Cost of services" and US\$2,000 (six months ended 2014: US\$2,000) in "General and administrative expenses".

13 Property, plant and equipment (continued)

The Group regards its individual vessels as separately identifiable cash generating units. For the six months ended 30 September 2015, management considered there is an impairment indicator due to decrease in freight rate. The Group has performed an impairment assessment of these vessels based on value in use method. As a result, the Group recognised an impairment loss of US\$5,100,000 (six months ended 2014: Nil) on certain vessels.

As at 30 September 2015, the Group's property, plant and equipment of US\$94,985,000 (as at 31 March 2015: US\$102,932,000) was pledged as security for bank borrowings of the Group.

14 Trade and other receivables

	As at 30 September 2015 US\$'000	31 March 2015 US\$'000
Trade receivables	944	1,525
Less: Provision for impairment of trade receivables	(11)	(11)
Trade receivables — net	933	1,514
Prepayments and deposits	633	875
	1,566	2,389

The carrying amounts of trade receivables, prepayments and deposits approximate their fair values.

Time charter income is normally prepaid in advance. The credit period granted by the Group to the customers of voyage charter is within 7 days after completion of loading, signing and/or releasing bill of lading.

As at 30 September 2015 and 31 March 2015, the ageing analysis of gross trade receivables based on invoice date was as follows:

	As at 30 September 2015 US\$'000	31 March 2015 US\$'000
0–30 days	644	1,473
31–365 days	278	41
Over 365 days	22	11
	944	1,525

Notes to the Condensed Consolidated Interim Financial Information

15 Asset classified as held for sale

In March 2015, management of Prosperity Plus resolved to dispose of a vessel, GH Prosperity (“GH Prosperity”), which was reclassified from property, plant and equipment to asset classified as held for sales as at 31 March 2015. The asset classified as held for sale of US\$3,608,000 and pledged bank deposit of US\$1,259,000 were pledged as security for bank borrowings of US\$3,238,000 of the Group as at 31 March 2015.

On 18 May 2015, the disposal of GH Prosperity was completed and the proceeds were received.

16 Share capital

	As at		31 March 2015	
	30 September 2015		Number of	Amount
	Number of	Amount	shares	Amount
	(thousands)	HK\$'000	(thousands)	HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	2,000,000	20,000	1,000,000	10,000

Issued and fully paid:

	Number of	Share capital
	shares	US\$'000
	(thousands)	
Opening balance 1 April 2015	830,000	1,064
Proceeds from shares issued — placing (Note a)	83,000	106
Proceeds from exercise of share options (Note b)	3,050	4
As at 30 September 2015	916,050	1,174
As at 1 April 2014 and 30 September 2014	830,000	1,064

Note:

- On 23 June 2015, the Company completed the placing of 83,000,000 new shares of the Company at a price of HK\$1.982 per share (the “Placement”). The proceeds from the Placement after netting off charges upon completion amounting to HK\$156,072,000 (equivalent to US\$20,009,000) were received on the same date.
- The outstanding options were exercisable. Options exercised during the period ended 30 September 2015 resulted in 3,050,000 shares (30 September 2014: Nil shares) being issued at a weighted average exercise price of HK\$1.19 (30 September 2014: Nil) per share with exercise proceeds of US\$465,000 (30 September 2014: Nil). The related weighted average share price at time of exercise during the period was HK\$1.91 (30 September 2014: Nil) per share.

16 Share capital (continued)

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

Date of grant	Exercise price	Number of share options				At 30 September 2015
		At 1 April 2015	Granted during the period	Exercised during the period	Lapsed during the period	
21 October 2011	HK\$1.15	17,700,000	—	(700,000)	—	17,000,000
30 April 2015	HK\$1.20	—	14,100,000	(2,350,000)	—	11,750,000

On 30 April 2015, the board of directors of the Company approved the grant of a total of 14.1 million share options by the Company, each carrying the right to subscribe for one share of par value of HK\$0.01 each, at the exercise price of HK\$1.20 per share to directors, employees and certain eligible participants of the Group (the "Grantees"), subject to their acceptance, under the share option scheme adopted by the Company on 19 August 2011 (the "Scheme"). The share options shall entitle the Grantees to subscribe for a total of 14.1 million new ordinary shares of par value of HK\$0.01 each in the share capital of the Company, representing approximately 1.70% of the issued share capital of the Company as at the date of approval of the Scheme. Details of the grant of share options under the Scheme are set out in the Company's announcement dated 30 April 2015.

The fair values of the share options were valued by Colliers International (Hong Kong) Limited, an independent valuer under Binomial Option Pricing model. The inputs into the model were as follows:

Stock price as of the date of grant	HK\$1.08
Exercise price	HK\$1.20
Expected volatility (Note a)	41%
Expected life	10 years
Risk-free rate (Note b)	1.52%
Expected dividend yield (Note c)	0%

Notes:

- Expected volatility was determined with reference to annualised historical weekly volatility of comparable companies' share prices as of the date of grant.
- Risk-free rate was determined with reference to the yield of the Hong Kong Exchange Fund Notes as of the date of grant.
- Expected dividend yield was determined with reference to historical dividend payment up to the date of grant.

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

Notes to the Condensed Consolidated Interim Financial Information

17 Borrowings

	As at	
	30 September	31 March
	2015	2015
	US\$'000	US\$'000
Non-current		
Bank borrowings	37,772	44,183
Loan from ultimate holding company	—	3,009
	37,772	47,192
Current		
Bank borrowings	6,748	10,012
Total borrowings	44,520	57,204

Movements in borrowings are analysed as follows:

	Six months ended	
	30 September	
	2015	2014
	US\$'000	US\$'000
Opening amount at 1 April	57,204	46,280
Addition	1,000	16,000
Accrued interests	961	909
Repayments of bank borrowings	(10,598)	(4,755)
Repayments of loan from ultimate holding company	(4,047)	—
Closing amount at 30 September	44,520	58,434

18 Convertible bonds

	As at	
	30 September	31 March
	2015	2015
	US\$'000	US\$'000
Convertible bonds	3,814	3,604

18 Convertible bonds (continued)

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 2015	2,857	747	3,604
Interest expenses (Note 9)	98	—	98
Fair value loss (Note 7)	—	112	112
At 30 September 2015	2,955	859	3,814
As at 1 April 2014	2,670	1,032	3,702
Interest expenses (Note 9)	91	—	91
Fair value gain (Note 7)	—	(179)	(179)
At 30 September 2014	2,761	853	3,614

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

19 Derivative financial instruments

	As at 30 September 2015 Liability US\$'000	31 March 2015 Liability US\$'000
Interest rate swap	287	278

Changes in fair values of derivative financial instruments are recorded in "Other gains/(losses) — net" in the condensed consolidated statement of comprehensive income (Note 7).

The Group has bank borrowings exposed to floating interest rates. In order to hedge against the fluctuations in interest rates related to the bank borrowings, the Group entered into interest rate swap contracts with banks to manage exposure to 3-month floating rate LIBOR.

The total notional principal amount of the outstanding interest rate swap as at 30 September 2015 was US\$12,550,000 (31 March 2015: US\$13,100,000).

20 Other payables and accruals

	As at	
	30 September	31 March
	2015	2015
	US\$'000	US\$'000
Other payables and accruals	1,200	1,981
Receipt in advance from charterers	271	89
	1,471	2,070

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

21 Commitments

(a) Operating lease commitments — Group as lessee

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

	As at	
	30 September	31 March
	2015	2015
	US\$'000	US\$'000
Office premise		
— No later than one year	201	334

(b) Operating lease commitments — Group as lessor

At 30 September 2015, 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 1 to 3 months:

	As at	
	30 September	31 March
	2015	2015
	US\$'000	US\$'000
Vessels		
— No later than one year	1,201	1,365

22 Related party transactions

The ultimate and immediate holding company of the Company is Ablaze Rich Investments Limited (“Ablaze Rich”), a company incorporated in the British Virgin Islands with limited liability. The ultimate controlling shareholders of Ablaze Rich Investments Limited are Mr. Yan Kim Po and Ms. Lam Kwan.

(a) Significant transactions with related parties

During the six months ended 30 September 2015 and 2014, the Group had the following significant transactions with its related companies.

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	
	2015	2014
	US\$'000	US\$'000
Rental expenses paid to Toprich (Asia) Limited (note i)	167	167
Interest expenses on borrowings and convertible bonds payable or paid to Ablaze Rich	137	91

Note:

- (i) Toprich (Asia) Limited is ultimately wholly-owned by Mr. Yan Kim Po and Ms. Lam Kwan, directors of the Company.

22 Related party transactions (continued)

(b) Key management compensation

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

	Six months ended	
	30 September	
	2015	2014
	US\$'000	US\$'000
Salary and short-term employee benefits	417	417
Pension costs — retirement contribution plans	6	5
Share options granted to directors and employees	460	32
	883	454

23 Event after the balance sheet date

On 1 October 2015, the Group acquired two companies, namely Access Key Investment Limited (incorporated in the British Virgin Islands (“BVI”)) (“AKI”) and its wholly owned subsidiary, Well Century International Limited (incorporated in Hong Kong and holding a money lenders licence) (“WCI”) from Mr. Yan Kim Po and Ms. Lam Kwan, being the controlling shareholders and executive directors of the Company, at a total consideration of less than US\$10,000 which was determined based on the total assets of these companies. These companies had no active business operation or substantial assets or liabilities upon their acquisition by the Group.