

2020

Interim Report



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

CONTENTS

Glossary	2
Corporate Information	6
Financial Highlights	7
Management Discussion and Analysis	8
Board of Directors and Senior Management	20
Corporate Governance and Other Information	24
Audit Committee Report	32
Report on Review of Interim Financial Information	33
Condensed Consolidated Statement of Comprehensive Income	35
Condensed Consolidated Statement of Financial Position	36
Condensed Consolidated Statement of Changes in Equity	38
Condensed Consolidated Statement of Cash Flows	40
Notes to the Condensed Consolidated Interim Financial Information	41

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 was owned as to 51% by Mr. Yan and 49% by Ms. Lam
“Acquisition”	the acquisition of the entire issued share capital of Top Build by the Company from Mr. Yan, Ms. Lam and Mr. Yin Hai pursuant to the Sale and Purchase Agreement
“All Ages”	All Ages Holdings Limited (萬年控股有限公司), a company incorporated in the BVI on 1 November 2011 and was owned as to 50% by Ms. Lam and as to 50% by Mr. Yan Yui Ham, the son of Mr. Yan and Ms. Lam
“Articles”	the articles of association of the Company
“Audit Committee”	the audit committee of the Board
“Baltic Dry Index” or “BDI”	an index of the daily average of international shipping prices of various dry bulk cargoes made up of 20 key dry bulk routes published by the Baltic Exchange in London
“Baltic Panamax Index” or “BPI”	an index of the shipping prices of panamax vessels made up of four daily panamax vessel assessments of time charter rates published by the Baltic Exchange in London
“Board”	the board of Directors
“Bryance Group”	Bryance Group Limited, a company incorporated in the BVI on 28 September 2006 and a wholly-owned subsidiary of the Company
“BVI”	the British Virgin Islands
“CG Code”	Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules
“Company”	Great Harvest Maeta Group Holdings Limited (榮豐聯合控股有限公司), an exempted company incorporated in the Cayman Islands on 21 April 2010 under the Companies Laws, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with limited liability
“Conversion Share(s)”	the Share(s) to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds

GLOSSARY

“Daily TCE”	an acronym for daily time charter equivalent, a standard industry measurement of the average daily revenue performance of a vessel. Daily TCE is calculated by dividing the voyage revenues (net of expenses such as port, canal and bunker costs) by the available days (being the number of days that the vessel was operated by the Group during the charter period minus days without charter hire due to repair and maintenance and between two charter periods and days agreed with the charterers due to the speed claims or any other reasonable claims arising from the under-performance of the vessel) for the relevant time period
“Director(s)”	director(s) of the Company
“dwt”	an acronym for deadweight tonnage, a measure expressed in metric tons or long tons of a ship’s carrying capacity, including cargoes, bunker, fresh water, crew and provisions
“EBITDA”	earnings before finance costs, tax, depreciation, amortisation and impairment loss on property, plant and equipment
“GH FORTUNE/ GLORY/HARMONY Loan”	a term loan for the principal amount of US\$20 million for refinancing the three vessels owned by the Group, namely, GH FORTUNE, GH GLORY and GH HARMONY. The principal amount of the bank loan shall be repayable by 20 consecutive quarterly instalments commencing three months from 24 November 2017
“GH POWER Loan”	a term loan for the principal amount of US\$39 million for financing the acquisition costs of GH POWER. The principal amount shall be repaid by 43 consecutive quarterly instalments commencing three months from 11 February 2008 with the final repayment date on 28 February 2019
“Group”	the Company and its subsidiaries
“HK\$” and “HK cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lands”	two parcels of land located at Meidian Slope, Hongqi Town, Qiongsan District, Haikou, Hainan Province, the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock market operated by the Stock Exchange, which excludes the GEM of the Stock Exchange and the options market

GLOSSARY

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Mr. Yan”	Mr. YAN Kim Po (殷劍波先生), the chairman of the Board, an executive Director and the husband of Ms. Lam
“Ms. Lam”	Ms. LAM Kwan (林群女士), the chief executive officer of the Company, an executive Director and the wife of Mr. Yan
“New GH POWER Loan”	a term loan for the principal amount of US\$4.27 million for refinancing a vessel owned by the Group, namely, GH POWER. The principal amount shall be repaid by 14 quarterly instalments commencing three months from 11 April 2019
“Nomination Committee”	the nomination committee of the Board
“PRC” or “China”	the People’s Republic of China which, for the purposes of this interim report only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Remuneration Committee”	the remuneration committee of the Board
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the agreement dated 23 December 2015 entered into between the Company, Mr. Yan, Ms. Lam and Mr. Yin Hai in relation to, among other matters, the Acquisition
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Sfund”	Sfund International Investment Fund Management Limited (廣州基金國際股權投資基金管理有限公司), a company incorporated in Hong Kong on 11 August 2015, which was the holder of Top Build Convertible Bonds in the principal amount of US\$54,000,000 as at 30 September 2020
“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

GLOSSARY

- “Top Build”** Top Build Group Ltd. (高建集團有限公司), a company incorporated in the BVI on 24 October 2014 and a wholly-owned subsidiary of the Company
- “Top Build Convertible Bonds”** the convertible bonds in the total principal amount of US\$54,000,000 due 2021 issued by the Company to Mr. Yan, Ms. Lam and Mr. Yin Hai pursuant to the terms and conditions of the Sale and Purchase Agreement
- “Union Apex”** Union Apex Mega Shipping Limited (聯合佳成船務有限公司), a company incorporated in Hong Kong on 2 December 2009 and a wholly-owned subsidiary of the Company
- “US\$” and “US cents”** United States dollars and cents, respectively, the lawful currency of the United States
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CORPORATE INFORMATION

Board of Directors

Executive Directors

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

Independent non-executive Directors

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Company secretary

Mr. WONG Kwok Keung (黃國強)

Authorised representatives

Mr. CAO Jiancheng (曹建成)
Mr. WONG Kwok Keung (黃國強)
Ms. LAM Kwan (林群)
(*alternate to the authorised representatives*)

Registered office

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

Headquarters and principal place of business in Hong Kong

12th Floor
200 Gloucester Road
Wanchai
Hong Kong

Principal share registrar and transfer office in the Cayman Islands

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

Hong Kong share registrar and transfer office

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Independent auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

Legal adviser as to Hong Kong law

Chiu & Partners

Principal bankers

DVB Bank SE
DBS Bank (Hong Kong) Limited
Citibank (Hong Kong) Limited

Stock code

3683

Website address

www.greatharvestmg.com

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

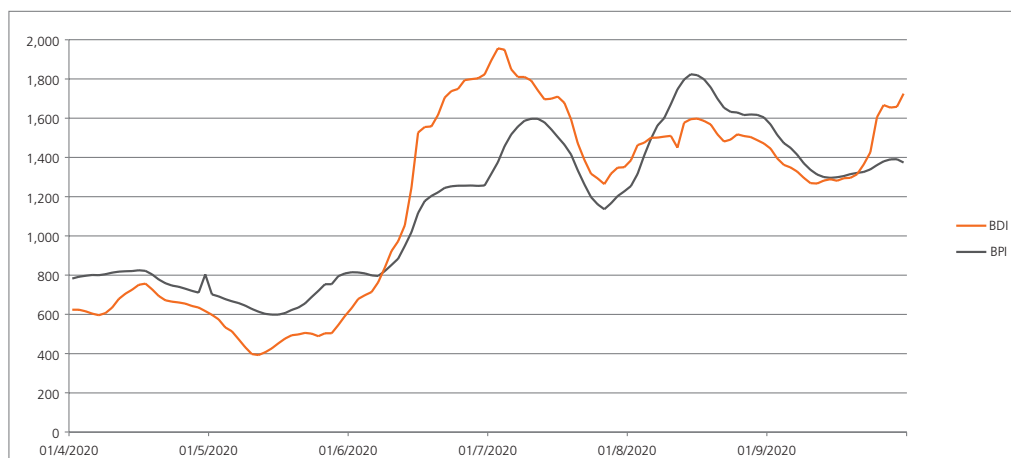
FINANCIAL HIGHLIGHTS

	Six months ended 30 September (Unaudited)	
	2020 US\$'000	2019 US\$'000
Revenue	5,599	7,095
Gross (loss)/profit	(187)	1,890
Total comprehensive loss attributable to owners of the Company	(2,112)	(3,877)
EBITDA	1,326	2,927
Loss per share attributable to owners of the Company		
— Basic	(US0.40 Cents)	(US0.20 Cents)
— Diluted	(US0.40 Cents)	(US0.20 Cents)
	(Unaudited)	(Audited)
	30 September 2020 US\$'000	31 March 2020 US\$'000
Total assets	126,515	123,591
Total liabilities	103,524	98,707
Net assets	22,991	24,884

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

**Daily Variation Chart of Baltic Dry Index (BDI) and Baltic Panamax Index (BPI)
1 April 2020 – 30 September 2020**



BDI high at 1,956 in July 2020, low at 393 in May 2020, average at 1,163.43

BPI high at 1,824 in August 2020, low at 599 in May 2020, average at 1,149.47

Under the impact of Coronavirus Disease 2019 (“COVID-19”) and the downturn of global economy, the freight rate of the spot dry bulk market in 2020 was irregularly fluctuated, while international trade volume and shipping demand decreased and existed various uncertainties. BDI hit its lowest point of 393 on 14 May 2020 and highest point of 1,956 on 6 July 2020 with difference of 1,563 points, reflecting a temporary and vigorous fluctuation of freight market. The average BPI was 1,149 during 1 April 2020 to 30 September 2020, representing a decrease of approximately 28% as compared to 1,608 of the corresponding period last year. The average daily charter rate of vessel was US\$10,368 per day, with no comparable data of the corresponding period last year as the kinds of vessel constituting BPI have changed in this year. Despite a continuity of stable demand for marine transportation with respect to South America’s export of bulk grain and relatively high amount and growth of China’s import of iron ore and coal, the owners of vessel were in an unfavourable position in the freight market as affected by capitalisation of goods owners and charterers on the unbalance condition of oversupply in the vessel market due to the negative growth of global economy and trading and also the demand for marine transportation of dry bulk cargoes. With the second wave outbreak of COVID-19 in northern hemisphere which results in interruption of economies across various regions, the demand for marine transportation was unstable and unpredictable, while the freight rate of spot market was unstable with significant volatility. The overall assessment of freight market this year was negative. According to the forecast of shipbroker in the industry report, the demand for marine transportation of dry bulk cargoes this year would have a negative growth of 3%. The contradiction of oversupply of fleet of dry bulk cargoes with slow growth of demand for marine transportation will continue and intensify in this year.

MANAGEMENT DISCUSSION AND ANALYSIS

Given the continuous impact of COVID-19 on general economic growth, shipbroking companies have been adjusting their forecasts on the annual growth of demand for marine transportation of dry bulk cargoes as the trend of spot freight rate of the shipping market was not affected by seasonal factors, the impact of historical convention on the spot market was lesser and the market outlook was changing and uncertain. It has been a favourable factor for current spot freight market that the pandemic in China has been under control with promising economy recovery, and the enterprises have been in the progress of resuming work and production. The Chinese government was also launching various measures to support the economy, hoping to promote the import of dry bulk cargoes in China. According to the data from the customs of the PRC, China's import of iron ore, coal, soybean, grain and other dry bulk cargoes amounted to 1.284 billion tons during January to September 2020, representing an increase of approximately 0.1 billion ton as compared to 1.181 billion tons of the corresponding period last year. These would make significant contribution to the stability of current marine transportation market of dry bulk cargoes.

Business Review

The Group's vessels were under sound operation as of 30 September 2020. Currently, the fleet size is 319,923 dwt and the average age of the fleet is 14 years. The fleet maintained a relatively high operational level with an average vessel charter-out percentage of 97.78% for the first half of the year. In view of the impact of COVID-19 and negative growth of global economy, the average daily charter hire income of the vessels was approximately US\$7,848 per day, which is about 20% lower as compared to the income level of the corresponding period last year, basically in line with the market index level of the same type of vessel. The fleet maintained a relatively high operational level since the fleet achieved a sound record of safe operation with no adverse incident or downtime caused by various incidents during the year. At the same time, the Company has made duly prudent plans and arrangements for dock repair to minimise the repair time. Although we were subject to the disastrous impact of COVID-19 this year, the Company has been working hard to reduce the actual loss to the lowest level. All freight rate and charter hire were basically received in full with no receivables of significant amount. The Group was able to exert stringent control over costs and expenses in the course of vessel management of its fleet and strove to minimise voyage expenses, so the management expenses of vessels were also basically within budget.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Market Outlook

The freight rate of the spot dry bulk market in 2020 fluctuated significantly, while Baltic Capesize Index ("BCI"), the index of the capesize vessels, repeatedly showed negative numbers. Such phenomena demonstrate that, with the negative global economic growth and significant slowdown in international trade, the dry bulk marine transportation market is expected to be difficult this year. The market predicts that China's imports of iron ore, coal, soybean, grain and other bulk cargoes will remain at a high level with positive growth in this year, which may help maintaining spot freight rate. As COVID-19 exerts significant impact on the global economy, the dry bulk spot freight market is also heavily hit. Meanwhile, depending on new wave of COVID-19 in the northern hemisphere during the autumn and winter and the specific responsive measure of the countries, and if the economic recovery and resumption of work and production of European countries remain in progress, it is beneficial to the stability of recent dry bulk spot freight rate. A total of new vessel of dry bulk cargo fleet amounting to 5% of the existing fleet size is expected to be delivered in this year. However, a negative growth of 3% for the demand of dry bulk marine transportation is expected in this year. Therefore, the current status of the oversupply of dry bulk vessels will be more unfavourable to ship owners, and the spot freight market will continue to operate under the pressure of excessive supply of vessels. The shipping market's assessment of this year's dry bulk spot freight rate is pessimistic. The International Monetary Fund (IMF) forecasts the global economic growth in 2020 to be -4.4% and is of the view that it is uncertain whether the economic recovery can be realised due to the continuous spread of the pandemic. It is foreseeable that this will be reflected in both international trade volume and shipping demand of this year.

According to the statistics and forecasts from shipbroking companies, among the major dry bulk cargoes, the marine transportation demand for iron ore and coal increases by 1% and -8% respectively this year, and the expected impact on spot freight rate this year is negative, with the overall dry bulk marine transportation demand to increase by -3%. The assessment on marine transportation demand for panamax vessels depends on China's import of soybean and grain. Considering that the China-United States trade agreement requires China to increase the purchase of soybean and grain from the United States, it will be a positive factor for the marine transportation demand of panamax vessel. Moreover, China's import of grain during January to September this year increases by approximately 30,000 thousand tons, or approximately 20%, as compared to the corresponding period last year. It is expected that the amount of import will be sustained in the winter this year and the spring next year, beneficial to the spot freight rate of panamax vessel and small vessel.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Since May 2016, Top Build has held, indirectly through its subsidiaries, 91% equity interest in a company in the PRC which holds the Lands. Driven by the strong economic growth and development in the PRC, the increase in population in Hainan and the limited supply of residential property due to government policy, the land premium and prices of real estates in Hainan increase substantially in recent years. To capture the opportunities prompted by the increase in demand of residential property, the Group plans to develop its property development project into a “cultural and tourism real estate” project for the development of villas, high/low density apartments, retail stores and SOHO with an area of approximately 130,000 square meters.

In line with the Belt and Road Initiative, during the Boao Forum in April 2018, President Xi Jinping has announced Hainan as a free trade port and that the local government will strongly support the development of the related industries including tourism and finance in Hainan. Since the past year and a half, the State and the Hainan provincial government have successively introduced relevant preferential policies, including 30 policies and measures such as simplified administrative approval, opening up of the financial markets, tax incentives and talent introduction. The real estate price in 2019 has nearly doubled as compared with the beginning of 2018.

President Xi Jinping issued an instruction in May 2020 that the Hainan Free Trade Port should perform system innovation and build Hainan Free Trade Port with high quality and standards. In the government work report issued on 22 May 2020, Premier Li Keqiang announced that the Pilot Free Trade Zone will be given greater autonomy for reform and opening up to accelerate the construction of Hainan Free Trade Port. On 1 June 2020, the Central Committee of the Communist Party of China and the State Council issued the “Hainan Free Trade Port Construction Master Plan”, which is a major favourable policy, with highlights as follows: (1) facilitating the free flow of cross-border funds, expanding the opening up of domestic and foreign financial industry, and realising free exchange of Renminbi; (2) introducing low tax for the entire Hainan, with corporate income tax of 15% and personal income tax of 15%, signifying unprecedented incentives; (3) adopting closed operation system for the entire Hainan, with the first tier being opened and the second tier being controlled while zero-tariff goods can be traded freely in Hainan and is not subject to the supervision of the customs; (4) significantly increasing the tax allowance for tourists to RMB100,000 per person. The above policies will have a huge impact on various industries such as finance, investment, tourism and trade, thereby promoting real estate development.

In 2020, Hainan Province actively responds to COVID-19 with successful pandemic prevention, ensuring successful development and construction of its major engineering projects. There have been seven batches of major projects started collectively in Hainan, among which, 793 started, 393 contracted, with a total project investment of approximately RMB435.2 billion. Recently, 11 major projects such as Haikou Jiangdong New District, the Haikou Integrated Free Trade Zone, High-tech Industrial Parks and Ecological Software Parks have been opened for tendering. A number of Fortune Global 500 companies and leading companies in various industries such as China Shipping, China Merchants, Sinopec, China Railway, Alibaba, Tencent and Tesla have established their presence in Hainan and started substantial development and construction.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2020, the municipal government completes, at a consideration of RMB4.44 billion, the acquisition of 4,000 mu of land parcel, which is used for the construction of infrastructure in the Jiangdong Free Trade New Zone. Particularly, the construction of energy trading centre would push the gross domestic product (GDP) and the property price in Hainan Province. It is clear that many Chinese energy giants tend to make investment in Haikou Jiangdong New District. For example, the energy trading centre in the Jiangdong Free Trade Zone has housed Shandong Energy Group, Yankuang Group, Huaneng Group and Datang Corporation, successively. According to the record of land transactions this year, land premium is rising and registering record highs by auction.

The Hainan Provincial Government proposes to urbanise the whole province and speed up the construction of highway transportation to facilitate the development of the lands at the vicinity of the city. All-in-one land use planning has been completed in Haikou City, emphasising the sustainable development of ecological environment protection. Improvement of the public construction directly related to the project has been achieved. Jiangdong New District has opened for tendering, and the value of land in Jiangdong District has rapidly increased. The second airport terminal of the Haikou Meilan Airport is about to come into service and has the capacity to accommodate 60 million passengers per year. The Haikou City Binjiang Road River Cross Tunnel is about to open for use, the Jiangdong New District Road has been completed, and Haikou Ring Expressway has been extended to Yunlong Town. The traffic conditions around the lands of the Company are expected to be improved, which will unleash the possible appreciation of the lands.

Hainan has opened up the incoming policy of urban residency and revoked the restrictions on incoming residency to speed up talent introduction, allowing introduced talents to purchase commodity housings in Hainan. Talents who have incoming residency in Hainan without ownership of residential property may enjoy the 30% down-payment mortgage policy for their first-time purchase of house. These measures will facilitate real estate transactions and promote value appreciation of real estates. The recent relaxation of restriction on the real estate purchase and loan policy together with an overall opening up of incoming residency restriction in Hainan Province are substantially beneficial to the real estate market in Hainan. It is expected that the real estate market will develop at a high speed in the next few years.

Currently, despite adjustment to and control over the real estate industry in the PRC, in view of the unique natural resource and favourable policies in Hainan Province, coupled with the demands from vast markets across the country in relation to investment in Hainan, the real estate market will still be in a position of shortage in the coming five years.

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

MANAGEMENT DISCUSSION AND ANALYSIS

In light of the growth potential in Hainan, on 11 October 2018, the Company entered into a memorandum of understanding with two individuals in relation to the proposed investment by the Group in the online hospitality services, online travel transaction services and real estate agency services business in Hainan, the PRC. Up to the date of this report, the proposed investment is still under feasibility study and negotiation.

Financial Review

Revenue

Under the impact of COVID-19, the spot dry bulk market in 2020 has experienced vigorous fluctuation and uncertainties. Also, during the six months ended 30 September 2020, one of the Group's vessel completed dry dock maintenance which stayed offhire for half month. The revenue of the Group followed the trend in the freight market decreased from about US\$7.1 million for the six months ended 30 September 2019 to about US\$5.6 million for the six months ended 30 September 2020, representing a decrease of about US\$1.5 million, or about 21.1%. The average Daily TCE of the Group's fleet decreased from approximately US\$9,905 for the six months ended 30 September 2019 to approximately US\$7,848 for the six months ended 30 September 2020.

Cost of services

Cost of services of the Group increased from about US\$5.2 million for the six months ended 30 September 2019 to about US\$5.8 million for the six months ended 30 September 2020, representing an increase of approximately US\$0.6 million. The average fuel price also fluctuated during the six months ended 30 September 2020, such that the bunker cost increased by about 1.0 million as compared to same period last year. For the six months ended 30 September 2020, there was a net refund of around US\$0.2 million excess operating funds from ship manager and a saving of budgeted docking cost of around US\$0.2 million recorded under the Group's strict cost control.

Gross (loss)/profit

The adverse effect of COVID-19 on the dry bulk market continued. The Group recorded a gross loss of about US\$0.2 million for the six months ended 30 September 2020 as compared with the gross profit of about US\$1.9 million for the six months ended 30 September 2019, representing a decrease of approximately US\$2.1 million, while the gross profit margin declined from approximately 26.6% for the six months ended 30 September 2019 to approximately -3.3% for the six months ended 30 September 2020. The decrease in gross profit is in line with the decrease in revenue.

General and administrative expenses

General and administrative expenses of the Group decreased from approximately US\$1.4 million for the six months ended 30 September 2019 to approximately US\$1.2 million for the six months ended 30 September 2020, representing a decrease of approximately US\$0.2 million or approximately 13.3%. It was mainly due to the Group's rigorous cost control which resulted in cost reduction in legal and professional fee, rental expenses and staff cost.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

Finance costs of the Group remained stable and amounted to approximately US\$3.0 million for the six months ended 30 September 2020 (for the six months ended 30 September 2019: approximately US\$2.9 million). The increase in interest expense of the Top Build Convertible Bonds and shareholders' loan was set off by the decrease in interest expenses of bank loan and loan from a financial institution.

Loss for the period

With reference to the profit warning announcement dated 19 June 2020, the supplemental information on profit warning dated 24 June 2020 and the 2020 Annual Report, a drop on the Group's revenue for the year ended 31 March 2020 was partially due to (i) an adverse impact on dry bulk marine transportation market and charter rate of vessel under chain reaction of an outbreak and rapid spread of COVID-19; (ii) a decrease in vessels' charter rate of dry bulk marine transportation in the first quarter in 2020 as a result of the continuous disruption caused by the outbreak of COVID-19; and (iii) a decline in vessels' charter time during the maintenance of three vessels' dry dock in the first quarter in 2020. These impacts continuously extended for financial results of the six months ended 30 September 2020. The Group incurred a loss of approximately US\$3.7 million for the six months ended 30 September 2020 as compared with approximately US\$1.9 million for the six months ended 30 September 2019. Such decline was mainly due to (i) the reduction in gross profit of approximately US\$2.1 million in line with the drop on vessels' charter rate under the market uncertainty caused by the pandemic of COVID-19; (ii) the saving in general and administrative expense of US\$0.2 million; and (iii) set off against part of other loss by the fair value gain in investment property of approximately US\$1.0 million for the six months ended 30 September 2020 (for the six months ended 30 September 2019: approximately US\$0.7 million).

Liquidity, financial resources, capital structure and gearing ratio

As at 30 September 2020, the Group's cash and cash equivalent amounted to approximately US\$0.4 million (as at 31 March 2020: approximately US\$0.3 million), of which approximately 73.8% was denominated in US\$, approximately 25.6% was denominated in HK\$ and approximately 0.6% was denominated in RMB. Outstanding bank loans amounted to approximately US\$11.8 million (as at 31 March 2020: approximately US\$12.9 million) and other borrowings amounted to approximately US\$67.5 million (as at 31 March 2020: approximately US\$62.5 million), which were denominated in US\$.

As at 30 September 2020 and 31 March 2020, 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 62.7% and 61.0% respectively. The increase in gearing ratio as at 30 September 2020 was mainly due to the amortized cost of the Top Build Convertible Bonds, the increase in shareholders' loan, the newly raised working capital loan by one of the Group's Hong Kong subsidiary and the fair value gain of investment properties.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded net current liabilities of about US\$66.4 million as at 30 September 2020 and approximately US\$13.1 million as at 31 March 2020. The Top Build Convertible Bond and certain shareholders' loan was classified as current liabilities as at 30 September 2020 with maturity date less than 12 months. In case the bond holder does not convert fully the bonds by the maturity date, management will negotiate with the bond holder, and strongly believes that the bond holder will agree, to extend the maturity of the bonds for not less than twelve months on the maturity date under the same terms and conditions of the sales and purchase agreement.

On 17 November 2017, certain subsidiaries of the Group has entered into a new bank borrowing agreement of US\$20.0 million (i.e. the GH FORTUNE/GLORY/HARMONY Loan) to refinance the Group's bank borrowings of three vessels, namely, GH FORTUNE, GH GLORY and GH HARMONY. After the drawdown of GH FORTUNE/GLORY/HARMONY Loan, the GH FORTUNE/GH PROSPERITY Loan, the GH GLORY Loan and the GH HARMONY Loan was fully repaid. The principal amount of the GH FORTUNE/GLORY/HARMONY Loan shall be repaid in five years. The GH FORTUNE/GLORY/HARMONY Loan is also subject to compliance of certain restrictive financial undertakings for which the Group will continue to monitor.

On 29 March 2019, Bryance Group Limited, a wholly-owned subsidiary of the Company, has entered into a new borrowing agreement of US\$4.27 million for refinancing the GH POWER loan under an existing facility agreement dated 25 January 2008. After the drawdown of this New GH POWER Loan, the then GH POWER Loan was fully repaid. The principal amount of the New GH POWER Loan shall be repaid by 14 quarterly instalments commencing three months from the drawdown date. The New GH POWER Loan is also subject to compliance of certain restrictive financial undertakings for which the Group will continue to monitor.

The management maintains continuous relationship with the banks and the Directors are of the opinion that borrowings will continue to be available to the Group for the next twelve months from 30 September 2020.

The Group monitors the current and expected liquidity requirements regularly to mitigate the effects of fluctuations in cash flows. The Company has entered into six loan facility agreements with Ablaze Rich on 19 January 2017, 12 April 2017, 15 January 2018, 17 April 2019, 28 February 2020 and 23 June 2020 for loan facilities in the total amount of US\$3.0 million (the "First Facility"), US\$3.0 million (the "Second Facility"), US\$1.5 million (the "Third Facility"), US\$2.0 million (the "Fourth Facility"), US\$2.0 million (the "Fifth Facility") and US\$3.0 million (the "Sixth Facility") respectively. The First Facility, the Second Facility and the Third Facility were extended on 18 January 2019, 29 March 2019 and 16 January 2020 respectively. The full loan amount had been drawn down by the Company under the First Facility, the Second Facility, the Third Facility, the Fourth Facility and the Fifth Facility.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 September 2020, US\$1.6 million of the loan amount had been drawn by the Company under the Sixth Facility. The First Facility will be repayable on an extended repayment date which is on or before 18 January 2021, the Second Facility will be repayable on an extended repayment date which is on or before 28 March 2021, the Third Facility will be repayable on an extended repayment date which is on or before 15 January 2022, the Fourth Facility will be repayable on or before 16 April 2021, the Fifth Facility will be repayable on or before 13 March 2022 and the Sixth Facility will be repayable on or before 23 June 2022. These loan facilities were unsecured and carried an interest of 4% per annum. The drawn amount under the First Facility, the Second Facility, the Third Facility, the Fourth Facility, the Fifth Facility and the Sixth Facility had not been repaid yet. The disinterested members of the Board (including the independent non-executive directors) consider that as the First Facility, the Second Facility, the Third Facility, the Fourth Facility, the Fifth Facility and the Sixth Facility are all on normal commercial terms or better and are not secured by the assets of the Group, the receipt of financial assistance by the Group thereunder are fully exempt under Rule 14A.90 of the Listing Rules.

On 31 March 2019, the Company entered into a deed of funding undertakings. Ablaze Rich, Mr. Yan and Ms. Lam have undertaken to provide funding to the Group when funding notice shall be issued by the Company within twenty four months of the date of the deed. The undertakings shall cease to have effect after twenty four months from the date of the deed or upon the Company or any subsidiary of the Group having obtained long-term external bank borrowings or other sources of long-term financing with a principal amount of not less than US\$30 million, whichever is the earlier. The deed entered on 30 September 2018 was superseded by this deed, and had ceased to be effective from 31 March 2019.

On 30 September 2020, the Company entered into a deed of funding undertakings. Ablaze Rich, Mr. Yan and Ms. Lam have undertaken to provide funding to the Group when funding notice shall be issued by the Company within twenty four months of the date of the deed. The undertakings shall cease to have effect after twenty four months from the date of the deed or upon the Company or any subsidiary of the Group having obtained long-term external bank borrowings or other sources of long-term financing with a principal amount of not less than US\$30 million, whichever is the earlier. The above deed entered on 31 March 2019 was superseded by this deed, and had ceased to be effective from 30 September 2020.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Convertible Bonds

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

As at 30 September 2020, the entire principal amount of the Top Build Convertible Bonds remained outstanding. The Top Build Convertible Bond was classified as current liabilities as at 30 September 2020 with maturity date less than 12 months. In case the bond holder does not convert fully the bonds by the maturity date, management will negotiate with the bond holder, and strongly believes that the bond holder will agree, to extend the maturity of the bonds for not less than twelve months on the maturity date under the same terms and conditions of the sales and purchase agreement.

Exposure to fluctuations in exchange rate risk and related hedges

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

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

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

Pursuant to Rule 13.18 of the Listing Rules, a general disclosure obligation will arise where an issuer or any of its subsidiaries enters into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholders, such as a requirement to maintain a specified minimum holding in the share capital of the issuer. As at 30 September 2020, the Group recorded outstanding bank loans and loan from a financial institution of about US\$14.8 million and all these loans carried interest at floating rate. The New GH POWER loan agreement was entered into on 29 March 2019. These loans, namely the New GH POWER Loan and the GH FORTUNE/GLORY/HARMONY Loan, were for financing the acquisition costs of vessels of the Group and were secured by, inter alia, the following:

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

The Directors have confirmed that, save as disclosed above, as at the date of this 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 2020, the Group had pledged the following assets to banks as securities against banking facilities granted to the Group:

	30 September 2020 US\$'000 (Unaudited)	31 March 2020 US\$'000 (Audited)
Property, plant and equipment	50,254	50,146
Pledged deposit	500	500
Pledged bank deposits	3,469	3,057
	54,223	53,703

Contingent liabilities

For the period ended 30 September 2020, the Inland Revenue Department ("IRD") of Hong Kong has finished the tax review of a subsidiary of the Group. Corresponding tax provision of US\$0.2 million has been made as at 30 September 2020.

After taking into account the recent developments of IRD's review, the Directors consider that the Group's taxation charges of US\$0.2 million as at 30 September 2020 are adequate and fairly presented.

Save as disclosed above, there were no other material contingent liabilities for the Group as at 30 September 2020.

Interim dividend

The Board does not recommend any interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2020.

Employees' remuneration and retirement scheme arrangements

As at 30 September 2020, the Group had a total of 100 employees (as at 30 September 2019: 105 employees). For the six months ended 30 September 2020, the total salaries and related costs (including Directors' fees) amounted to approximately US\$2.3 million (as at 30 September 2019: US\$2.3 million). It is the Group's policy to remunerate its employees with reference to the relevant market situation, and accordingly the remuneration level of the Group's employees remains at a competitive level and is adjusted in accordance with the employees' performance. Other benefits offered by the Group include mandatory provident fund scheme and medical insurance.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

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

Board of Directors

Executive Directors

Mr. YAN Kim Po (殷劍波), aged 59, 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 certain subsidiaries of the Company. Mr. Yan is an experienced entrepreneur and has extensive experience in the marine transportation industry and in the investment, development, production, processing, operation and trading of the mining and steel industry. Mr. Yan was appointed as Justice of Peace and was granted a Doctor of Philosophy Honoris Causa from Lansbridge University, Canada. He was also honoured as World Outstanding Chinese in 2010. He is currently a director of Adex Mining Inc. (TSXV Stock code: ADE), a company listed on the TSX Venture Exchange in Canada. He is a fellow of the Hong Kong Institute of Directors and the Life Honorary President of the Hong Kong Energy and Minerals United Associations (International) Limited. He is also active in social affairs and was appointed as the Honorary Chairman of Hong Kong Association of Youth Development, the Honorary President of Sha Tin District Junior Police Call, the Honorary President of the Fire Safety Ambassador Club and Shatin Sports Association. Mr. Yan is currently a director of Ablaze Rich, which has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Corporate Governance and Other Information — Directors' and Chief Executives' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this interim report.

Ms. LAM Kwan (林群), aged 53, is the chief executive officer of the Company, an executive Director and the co-founder of the Group. Ms. Lam is the spouse of Mr. Yan. Ms. Lam is primarily responsible for the Group's day-to-day management and overall business operations as well as its finance and administrative management. She is also a director of each of the subsidiaries of the Company. Ms. Lam has extensive experience in the marine transportation industry. Ms. Lam is currently a director of Adex Mining Inc. (TSXV Stock code: ADE), a company listed on the TSX Venture Exchange in Canada and a director of KLV Holdings Limited (SGX Stock Code: 504), a company listed on Singapore Exchange Securities Trading Limited. She is also a vice-chairman of Pok Oi Hospital, an honorary director of Hong Kong Baptist University Foundation, a director of the Hong Kong Energy and Minerals United Associations (International) Limited and a fellow of the Hong Kong Institute of Directors. She graduated from Dongbei University of Finance and Economics in 1990 with a bachelor's degree in English for Finance in the Department of Foreign Language for Finance. Ms. Lam is currently a director of Ablaze Rich, which and Ms. Lam herself have an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Corporate Governance and Other Information — Directors' and Chief Executives' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this interim report.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Mr. CAO Jiancheng (曹建成), aged 64, has been serving as an executive Director of the Company since June 2010. Mr. Cao is responsible for the operational management of the Group's shipping business. Mr. Cao has more than 38 years of experience in the marine transportation industry. Mr. Cao has been a captain of ocean-going cargo ships since around 1982. Before joining the Group, he had worked for 廣州海順船務有限公司 (Guangzhou Hai Shun Shipping Corporation) as a captain from 1985 to 1989. Mr. Cao also worked for Hong Kong Ming Wah Shipping Company Limited as an operator, chartering member, deputy manager, manager and vice-president from 1989 to 2000. He had also held management position as a manager at Valles Steamship Company Limited from 2001 to 2002. Mr. Cao completed the training course for international shipping professional education and obtained a certificate of completion from 上海海運學院 (Shanghai Maritime Institute) in December 1991 through long distance learning, and graduated from Murdoch University with a Master degree of Business Administration in March 1999. Mr. Cao had also been a captain as recognised by the Maritime Affairs Inspection Bureau of the PRC, the Directorate General of Consular and Maritime Affairs of The Republic of Panama and the Bureau of Maritime Affairs of the Ministry of Transport of The Republic of Liberia. Mr. Cao has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Corporate Governance and Other Information — Directors' and Chief Executives' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this interim report.

Independent non-executive Directors

Mr. CHEUNG Kwan Hung (張鈞鴻), aged 69, 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 other companies listed on the Main Board of the Stock Exchange, namely Long Well International Holdings Limited (formerly known as Tou Rong Chang Fu Group Limited) (Stock Code: 850) and NewOcean Energy Holdings Limited (Stock Code: 342). Mr. Cheung was an independent non-executive director of Zhuoxin International Holdings Limited (Stock Code: 8266), a company listed on the GEM of the Stock Exchange, from October 2018 to January 2020. Mr. Cheung has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Corporate Governance and Other Information — Directors' and Chief Executives' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this interim report.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Dr. CHAN Chung Bun, Bunny (陳振彬), *GBS, JP*, aged 63, 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. He has been appointed as a member of the Council for Sustainable Development from 1 March 2015. Dr. Chan was appointed as Justice of Peace in 2002 and was awarded the Bronze Bauhinia Star medal in 2004, the Silver Bauhinia Star medal in 2009 and the Gold Bauhinia Star medal in 2014 by the government of Hong Kong. Dr. Chan was conferred Doctor of Business Administration, *honoris causa*, in December 2013 by the Open University of Hong Kong. Dr. Chan is currently also an independent non-executive director of four other companies listed on the Main Board of the Stock Exchange, namely Li Ning Company Limited (Stock Code: 2331), Speedy Global Holdings Limited (Stock Code: 540), Glorious Sun Enterprises Limited (Stock Code: 393) and MTR Corporation Limited (Stock Code: 66). Dr. Chan has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed “Corporate Governance and Other Information — Directors’ and Chief Executives’ interests in Shares, underlying Shares and debentures of the Company and its associated corporation” of this interim report.

Mr. WAI Kwok Hung (韋國洪), aged 66, has been serving as an independent non-executive Director of the Company since September 2010. Mr. Wai was appointed as Justice of Peace in July 2002 and was awarded the Silver Bauhinia Star medal in 2008 by the government of Hong Kong. Mr. Wai has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed “Corporate Governance and Other Information — Directors’ and Chief Executives’ interests in Shares, underlying Shares and debentures of the Company and its associated corporation” of this interim report.

Senior management

Mr. SUNG Lik Man (宋力文), aged 49, the vice general manager of the Group. Mr. Sung is responsible for the operational management of the Group’s shipping business. He obtained his bachelor’s degree in Maritime Management from Dalian Maritime University (大連海事大學) in July 1995. Mr. Sung has extensive experiences in the marine transportation industry and he joined the Group in June 2010 as the vice general manager of Union Apex. Before joining Union Apex, Mr. Sung was the chartering manager of Million Miles Shipping (Hong Kong) Limited from March 2003 to June 2010. Before joining Million Miles Shipping (Hong Kong) Limited, Mr. Sung also worked for COSCO (Hong Kong) Shipping Co., Ltd., a subsidiary of China COSCO Holdings Company Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1919), from February 2000 to February 2003.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Mr. WONG Kwok Keung (黃國強), aged 46, has been the chief financial officer and company secretary of the Company since 31 January 2019. Mr. Wong is responsible for the corporate finance, investor relations, financial management and company secretarial matters of the Company. Mr. Wong obtained a master's degree of Science in Finance Analysis from Hong Kong University of Science and Technology in 2010 and a master's degree of Corporate Governance from The Hong Kong Polytechnic University in 2014. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also an associate member of Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and administrators. Mr. Wong has over 22 years of working experience in several listed companies in Hong Kong and well-known organisations across jewellery trading, property leasing and development, garment and electronics manufacturing in the Greater China and Asia Pacific regions. Prior to joining the Company, he served as the senior management of several listed companies in Hong Kong and worked for a global audit and consulting firm for over 15 years. He has been appointed as a director of Adex Mining Inc., a company listed on TSX Venture Exchange since October 2017.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 September 2020, the interests and short positions of the Directors and/or the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she was taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register required to be kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

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

Name of Director	Capacity/ Nature of interest	Number of Shares held (Note 1)	Number of underlying Shares held (Note 1)	Approximate percentage of interest (%) (Note 12)
Mr. Yan	Interest of controlled corporation (Note 2)	659,616,013 (L)	—	69.25%
	Beneficial owner (Note 3)	—	2,100,000 (L)	0.22%
	Family interest (Note 3)	—	2,100,000 (L)	0.22%
	Family interest (Note 4)	11,370,000 (L)	—	1.19%
	Family interest (Note 5)	18,260,000 (L)	—	1.92%
	Beneficial owner and interest of spouse (Note 6)	—	381,843,064 (S)	40.09%
Ms. Lam	Interest of controlled corporation (Note 7)	677,876,013 (L)	—	71.17%
	Beneficial owner (Note 3)	—	2,100,000 (L)	0.22%
	Beneficial owner (Note 4)	11,370,000 (L)	—	1.19%
	Family interest (Note 3)	—	2,100,000 (L)	0.22%
	Beneficial owner and interest of spouse (Note 6)	—	381,843,064 (S)	40.09%
Mr. Cao Jiancheng	Beneficial owner (Note 8)	—	4,300,000 (L)	0.45%
Mr. Cheung Kwan Hung	Beneficial owner (Note 9)	—	800,000 (L)	0.08%
Dr. Chan Chung Bun, Bunny	Beneficial owner (Note 10)	—	800,000 (L)	0.08%
Mr. Wai Kwok Hung	Beneficial owner (Note 11)	—	300,000 (L)	0.03%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

- (1) The letter "L" denotes the person's long position and "S" denotes the person's short position in the Shares and underlying Shares of the Company.
- (2) These 659,616,013 Shares were held by Ablaze Rich. The entire issued share capital of Ablaze Rich was owned as to 51% by Mr. Yan and 49% by Ms. Lam, who were also directors of Ablaze Rich. As such, each 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 2020. 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 11,370,000 Shares were held by Ms. Lam. As Mr. Yan and Ms. Lam have a spousal relationship, Mr. Yan was deemed to be interested in the Shares in which Ms. Lam was interested by virtue of the SFO.
- (5) These 18,260,000 Shares were held by All Ages. The entire issued share capital of All Ages was owned as to 50% by Ms. Lam and as to 50% by Mr. Yan Yui Ham, the son of Ms. Lam and Mr. Yan. As Mr. Yan and Ms. Lam have a spousal relationship, Mr. Yan was deemed to be interested in the Shares in which Ms. Lam was interested by virtue of the SFO.
- (6) These 381,843,064 Shares represented the total number of Shares which may be allotted and issued to Sfund upon the exercise of the conversion rights attaching to the Top Build Convertible Bonds for the aggregate principal amount of US\$54,000,000 at the initial conversion price of HK\$1.096 per Share and the exchange rate of HK\$7.75 to US\$1.00. Mr. Yan and Ms. Lam have granted the put option in favor of Sfund pursuant to which Sfund may request Mr. Yan and Ms. Lam to purchase these Top Build Convertible Bonds. On 15 July 2020, Sfund has exercised the put options. As at the date of this report, the completion of the put option has not taken place. The exercise of the conversion rights attaching to the Top Build Convertible Bonds is subject to the terms and conditions thereof, including the restriction against conversion which would cause the Company to be in breach of the minimum public float requirement under the Listing Rules. As Mr. Yan and Ms. Lam have a spousal relationship, each of Mr. Yan and Ms. Lam was deemed to be interested in the Shares in which the other was interested by virtue of the SFO.
- (7) These 677,876,013 Shares were held as to 659,616,013 Shares by Ablaze Rich and as to 18,260,000 Shares by All Ages. The entire issued share capital of Ablaze Rich was owned as to 51% by Mr. Yan and 49% by Ms. Lam, who were also directors of Ablaze Rich. As such, each Mr. Yan and Ms. Lam was deemed to be interested in the Shares held by Ablaze Rich by virtue of the SFO. The entire issued share capital of All Ages was owned as to 50% by Ms. Lam. As such, Ms. Lam was deemed to be interested in the Shares held by All Ages by virtue of the SFO.
- (8) On 21 October 2011 and 30 April 2015, Mr. Cao Jiancheng was granted share options of the Company in respect of 6,000,000 Shares and 2,300,000 Shares respectively pursuant to the Share Option Scheme. 4,300,000 share options remained outstanding as at 30 September 2020.
- (9) On 30 April 2015, Mr. Cheung Kwan Hung was granted share options of the Company in respect of 800,000 Shares pursuant to the Share Option Scheme. All these share options remained outstanding as at 30 September 2020.
- (10) On 30 April 2015, Dr. Chan Chung Bun, Bunny was granted share options of the Company in respect of 800,000 Shares pursuant to the Share Option Scheme. All these share options remained outstanding as at 30 September 2020.
- (11) On 30 April 2015, Mr. Wai Kwok Hung was granted share options of the Company in respect of 800,000 Shares pursuant to the Share Option Scheme. 300,000 share options remained outstanding as at 30 September 2020.
- (12) The percentage is calculated on the basis of 952,513,513 Shares in issue as at 30 September 2020.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interest in shares and underlying shares of an associated corporation:

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of shares held (Note)	Approximate percentage of interest (%)
Mr. Yan	Ablaze Rich	Beneficial owner	10,200 (L)	51.00%
Ms. Lam	Ablaze Rich	Beneficial owner	9,800 (L)	49.00%
Mr. Yan	All Ages	Interest of spouse	5,000 (L)	50.00%
Ms. Lam	All Ages	Beneficial owner	5,000 (L)	50.00%

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

Save as disclosed above, as at 30 September 2020, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

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

As at 30 September 2020, the interests and short positions of each person, other than a Director or chief executive of the Company, in the Shares or underlying Shares of the Company as recorded in the register kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity/ nature of interest	Number of Shares held (Note 1)	Number of underlying Shares held (Note 1)	Approximate percentage of interest (%) (Note 5)
Ablaze Rich	Beneficial owner (Note 2)	659,616,013 (L)	—	69.25%
廣州匯垠發展投資合夥企業(有限合夥)(for identification purpose only, Guangzhou Huiyin Development Investment Partnership Enterprise (Limited Partnership)) ("Guangzhou Huiyin Development")	Beneficial owner (Note 3)	74,265,000 (L)	—	7.80%
Sfund	Beneficial owner (Note 4)	—	381,843,064 (L)	40.09%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

- (1) The letter "L" denotes the person's long position in the Shares of the Company.
- (2) These 659,616,013 Shares were held by Ablaze Rich.
- (3) These 74,265,000 Shares were held by Guangzhou Huiyin Development, which was controlled by 北京匯垠天然投資基金管理有限公司 (*Beijing Huiyin Tianran Investment Fund Management Co., Ltd.) ("Beijing Huiyin") as its general partner and was wholly owned by 廣州匯垠天粵股權投資基金管理有限公司 (*Guangzhou Huiyin Tianyue Equity Investment Fund Management Co., Ltd) ("Guangzhou Huiyin Tianyue") as its limited partner. Beijing Huiyin was owned as to 40% by Guangzhou Huiyin Tianyue.

Guangzhou Huiyin Tianyue was wholly owned by 廣州科技金融創新投資控股有限公司 (*Guangzhou Technology Financial Innovation Investment Holdings Limited) ("Guangzhou Technology Financial Holdings"). Guangzhou Technology Financial Holdings was wholly owned by 廣州產業投資基金管理有限公司 (*Guangzhou Industry Investment Fund Management Co., Ltd) ("Guangzhou Industry Investment"), which was wholly owned by 廣州市城市建設投資集團有限公司 (*Guangzhou City Construction Investment Group Company Limited) ("Guangzhou City Construction Investment").

Each of Guangzhou Huiyin Tianyue, Guangzhou Technology Financial Holdings, Beijing Huiyin, Guangzhou Industry Investment and Guangzhou City Construction Investment was deemed to be interested in all the Shares in which Guangzhou Huiyin Development is interested by virtue of the SFO.

- (4) These 381,843,064 Shares represented the total number of Shares which may be allotted and issued to Sfund upon the exercise of the conversion rights attaching to the Top Build Convertible Bonds for the aggregate principal amount of US\$54,000,000 at the initial conversion price of HK\$1.096 per Share and the exchange rate of HK\$7.75 to US\$1.00. The exercise of the conversion rights attaching to the Top Build Convertible Bonds is subject to the terms and conditions thereof, including the restriction against conversion which would cause the Company to be in breach of the minimum public float requirement under the Listing Rules.

The Top Build Convertible Bonds to which these 381,843,064 underlying Shares relate were held by Sfund, which was wholly owned by Guangzhou Huiyin Tianyue. Please refer to note 3 above in respect of the relationship between Guangzhou Huiyin Tianyue and its controlling companies. By virtue of the SFO, each of Guangzhou Huiyin Tianyue, Guangzhou Technology Financial Holdings, Guangzhou Industry Investment and Guangzhou City Construction Investment was deemed to be interested in all the Shares in which Sfund is interested.

- (5) The percentage is calculated on the basis of 952,513,513 Shares in issue as at 30 September 2020.

Save as disclosed above, as at 30 September 2020, no person (other than a Director or chief executive of the Company) had an interest or short position in the Shares or the underlying Shares of the Company that were recorded in the register kept by the Company under Section 336 of the SFO.

* for identification purpose only

CORPORATE GOVERNANCE AND OTHER INFORMATION

Share Option Scheme

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

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

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

The total number of Shares which may be allotted and issued upon exercise of all options (excluding for this purpose options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any share option scheme of the Group must not in aggregate exceed 83,000,000 Shares, representing 10% of the Shares in issue as at 19 August 2011 (i.e. the date on which the Share Option Scheme was adopted by the Company) and 8.71% of the Shares in issue as at the date of this interim report (the "General Scheme Limit"). The General Scheme Limit is also subject to the Overriding Limit, the refreshment of the General Scheme Limit (as described below) and the grant of share options beyond the General Scheme Limit (as described below).

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

The total number of Shares issued and which may fall to be issued upon the exercise of options granted under the Share Option Scheme and any other share option scheme adopted by the Group (including both exercised and 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' in general meeting.

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

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

During the six months ended 30 September 2020, movements of the share options granted under the Share Option Scheme are summarized as follows:

List of grantees	Date of grant	Exercisable period	Closing price per Share immediately before the date of grant		Exercisable price per share	Outstanding as at 1 April 2020	Number of share options				Outstanding as at 30 September 2020
			HK\$	HK\$			Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	
Directors											
Mr. Yan	21 October 2011	21 October 2012–20 October 2021	\$1.15	\$1.15		700,000	—	—	—	—	700,000
	21 October 2011	21 October 2013–20 October 2021	\$1.15	\$1.15		700,000	—	—	—	—	700,000
	21 October 2011	21 October 2014–20 October 2021	\$1.15	\$1.15		700,000	—	—	—	—	700,000
						2,100,000	—	—	—	—	2,100,000
Ms. Lam	21 October 2011	21 October 2012–20 October 2021	\$1.15	\$1.15		700,000	—	—	—	—	700,000
	21 October 2011	21 October 2013–20 October 2021	\$1.15	\$1.15		700,000	—	—	—	—	700,000
	21 October 2011	21 October 2014–20 October 2021	\$1.15	\$1.15		700,000	—	—	—	—	700,000
						2,100,000	—	—	—	—	2,100,000
Mr. Cao Jiancheng	21 October 2011	21 October 2014–20 October 2021	\$1.15	\$1.15		2,000,000	—	—	—	—	2,000,000
	30 April 2015	30 April 2015–29 April 2025	\$1.15	\$1.20		2,300,000	—	—	—	—	2,300,000
						4,300,000	—	—	—	—	4,300,000
Mr. Cheung Kwan Hung	30 April 2015	30 April 2015–29 April 2025	\$1.15	\$1.20		800,000	—	—	—	—	800,000
						800,000	—	—	—	—	800,000
Dr. Chan Chung Bun, Bunny	30 April 2015	30 April 2015–29 April 2025	\$1.15	\$1.20		800,000	—	—	—	—	800,000
						800,000	—	—	—	—	800,000
Mr. Wai Kwok Hung	30 April 2015	30 April 2015–29 April 2025	\$1.15	\$1.20		300,000	—	—	—	—	300,000
						300,000	—	—	—	—	300,000
Sub-total						10,400,000	—	—	—	—	10,400,000
Employees	30 April 2015	30 April 2015–29 April 2025	\$1.15	\$1.20		500,000	—	—	—	—	500,000
Sub-total						500,000	—	—	—	—	500,000
Others	30 April 2015	30 April 2015–29 April 2025	\$1.15	\$1.20		250,000	—	—	—	—	250,000
Sub-total						250,000	—	—	—	—	250,000
Total						11,150,000	—	—	—	—	11,150,000

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 2020, 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 2020.

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, 26 November 2020

AUDIT COMMITTEE REPORT

The Audit Committee has reviewed with the management of the Group the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including a review of the unaudited condensed consolidated financial information of the Group for the six months ended 30 September 2020 with Directors. The unaudited condensed consolidated interim financial information have been reviewed by the Group's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants and reports obtained from the management of the Group. The Audit Committee has reviewed the interim results for the six months ended 30 September 2020.

Members of the Audit Committee

Mr. CHEUNG Kwan Hung (*Chairman*)

Dr. CHAN Chung Bun, Bunny

Mr. WAI Kwok Hung

Hong Kong, 26 November 2020

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 the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 35 to 62, which comprises the interim condensed consolidated statement of financial position of Great Harvest Maeta Group Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 September 2020 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

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T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Emphasis of Matter

We draw attention to Note 2.1 to the interim financial information which states that the Group recorded a net loss attributable to owners of the Company of US\$3,764,000 for the period ended 30 September 2020 and, as at 30 September 2020, the Group's current liabilities exceeded its current assets by US\$66,381,000, which included borrowings and loans of US\$11,821,000 that will be repayable within one year and convertible bonds for an aggregate principal amount of US\$54,000,000 that will mature in May 2021, while the Group's cash and cash equivalents balance was US\$350,000. Further, during the period ended 30 September 2020 and up to the date of this report, the Group's business operations have been affected by the outbreak of Coronavirus Disease 2019, which continued to have a negative impact on the Group's operating cash flows. These events and conditions, together with other matters set forth in Note 2.1 to the interim financial information, indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 26 November 2020

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2020

	Note	Unaudited Six months ended 30 September	
		2020 US\$'000	2019 US\$'000
Revenue	6	5,599	7,095
Cost of services	9	(5,786)	(5,205)
Gross (loss)/profit		(187)	1,890
Other gains	7	1,002	664
Other income	8	42	11
General and administrative expenses	9	(1,189)	(1,372)
Operating (loss)/profit		(332)	1,193
Finance costs	10	(2,957)	(2,939)
Loss before income tax		(3,289)	(1,746)
Income tax expense	11	(419)	(166)
Loss for the period		(3,708)	(1,912)
(Loss)/profit attributable to:			
— Owners of the Company		(3,764)	(1,938)
— Non-controlling interest		56	26
Other comprehensive income/(loss) for the period		(3,708)	(1,912)
<i>Item that may be reclassified to profit or loss</i>			
Currency translation differences		1,815	(2,131)
Total comprehensive loss for the period		(1,893)	(4,043)
Total comprehensive (loss)/income attributable to:			
— Owners of the Company		(2,112)	(3,877)
— Non-controlling interest		219	(166)
		(1,893)	(4,043)
Loss per share attributable to owners of the Company			
— Basic loss per share	12(a)	(US0.40 cents)	(US0.20 cents)
— Diluted loss per share	12(b)	(US0.40 cents)	(US0.20 cents)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Note	Unaudited 30 September 2020 US\$'000	Audited 31 March 2020 US\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	50,289	50,197
Investment properties	15	70,043	66,336
Pledged deposit	16	500	500
Pledged bank deposits		2,022	2,144
		122,854	119,177
Current assets			
Trade receivables, deposits, prepayments and other receivables	16	1,864	3,235
Pledged bank deposits		1,447	913
Cash and cash equivalents		350	266
		3,661	4,414
Total assets		126,515	123,591
EQUITY			
Equity attributable to owners of the Company			
Share capital	17	1,221	1,221
Reserves		17,532	19,644
		18,753	20,865
Non-controlling interest		4,238	4,019
Total equity		22,991	24,884

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Note	Unaudited 30 September 2020 US\$'000	Audited 31 March 2020 US\$'000
LIABILITIES			
Non-current liabilities			
Borrowings and loans	18	16,772	16,987
Convertible bonds	20	—	48,347
Deferred income tax liabilities	19	16,710	15,814
		33,482	81,148
Current liabilities			
Other payables and accruals	21	7,395	7,455
Borrowings and loans	18	11,821	10,104
Convertible bonds	20	50,693	—
Tax payables		133	—
		70,042	17,559
Total liabilities		103,524	98,707
Total equity and liabilities		126,515	123,591

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Unaudited											
	Attributable to owners of the Company										Non-controlling interest US\$'000	Total equity US\$'000
	Share capital US\$'000	Share premium US\$'000	Convertible bonds US\$'000	Share option reserve US\$'000	Merger reserve US\$'000	Other reserve US\$'000	Exchange reserve US\$'000	Accumulated loss US\$'000	Total US\$'000			
Balance at 1 April 2020	1,221	54,663	38,954	708	(63,808)	13,636	(5,471)	(19,038)	20,865	4,019	24,884	
Comprehensive (loss)/income (Loss)/profit for the period	—	—	—	—	—	—	—	(3,764)	(3,764)	56	(3,708)	
Other comprehensive income Currency translation differences	—	—	—	—	—	—	1,652	—	1,652	163	1,815	
Total comprehensive (loss)/income	—	—	—	—	—	—	1,652	(3,764)	(2,112)	219	(1,893)	
Balance at 30 September 2020	1,221	54,663	38,954	708	(63,808)	13,636	(3,819)	(22,802)	18,753	4,238	22,991	

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Unaudited										
	Attributable to owners of the Company										
	Share capital US\$'000	Share premium US\$'000	Convertible bonds US\$'000	Share option reserve US\$'000	Merger reserve US\$'000	Other reserve US\$'000	Exchange reserve US\$'000	Accumulated loss US\$'000	Total US\$'000	Non-controlling interest US\$'000	Total equity US\$'000
Balance at 1 April 2019	1,221	54,663	38,954	708	(63,808)	13,636	(3,432)	(8,829)	33,113	3,988	37,101
Comprehensive (loss)/income											
Loss/(profit) for the period	—	—	—	—	—	—	—	(1,938)	(1,938)	26	(1,912)
Other comprehensive loss											
Currency translation differences	—	—	—	—	—	—	(1,939)	—	(1,939)	(192)	(2,131)
Total comprehensive loss	—	—	—	—	—	—	(1,939)	(1,938)	(3,877)	(166)	(4,043)
Balance at 30 September 2019	1,221	54,663	38,954	708	(63,808)	13,636	(5,371)	(10,767)	29,236	3,822	33,058

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

	Unaudited Six months ended 30 September	
	2020 US\$'000	2019 US\$'000
Cash flows from operating activities		
Loss before income tax	(3,289)	(1,746)
Adjustments for:		
— Finance costs	2,957	2,939
— Depreciation	1,658	1,734
— Fair value changes in investment properties	(1,002)	(664)
Changes in working capital:		
— Trade receivables, deposits, prepayments and other receivables	1,381	3
— Other payables and accruals	(314)	350
Cash generated from operations	1,391	2,616
Income tax paid	(36)	—
Net cash generated from operating activities	1,355	2,616
Cash flows from investing activity		
Additions of property, plant and equipment	(1,748)	—
Net cash used in investing activity	(1,748)	—
Cash flows from financing activities		
Proceeds from loan from a financial institution	—	4,206
Proceeds from bank borrowings	513	—
Proceeds from loan from the ultimate holding company	2,800	500
Repayments of borrowings and loans	(2,075)	(9,075)
Interest paid	(347)	(594)
(Increase)/decrease in pledged bank deposits	(412)	1,674
Net cash generated from/(used) in financing activities	479	(3,289)
Net increase/(decrease) in cash and cash equivalents	86	(673)
Cash and cash equivalents at beginning of the period	266	2,597
Exchange losses on cash and cash equivalents	(2)	(1)
Cash and cash equivalents at end of the period	350	1,923

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

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

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

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

The condensed consolidated interim financial information is presented in United States dollars (“US\$”), unless otherwise stated.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 September 2020 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”). This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim report is to be read in conjunction with the annual report for the year ended 31 March 2020 which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and any public announcements made by the Company during the interim reporting period.

2.1 Going concern basis

For the period ended 30 September 2020, the Group recorded a net loss attributable to owners of the Company of US\$3,764,000 and, as at 30 September 2020, the Group’s current liabilities exceeded its current assets by US\$66,381,000, which included borrowings and loans of US\$11,821,000 that will be repayable within one year and convertible bonds for an aggregate principal amount of US\$54,000,000 that will mature in May 2021, while the Group’s cash and cash equivalents balance was US\$350,000. Further, during the period ended 30 September 2020 and up to the date of this condensed consolidated interim financial information, the Group’s business operations have been affected by the outbreak of Coronavirus Disease 2019 (“COVID-19”), which continued to have a negative impact on the Group’s operating cash flows.

These events and conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group’s ability to continue as a going concern.

The directors of the Company have reviewed the Group’s cash flow projections in which the volatility of the shipping market and the outbreak of COVID-19 have been considered. This projection covers a period of twelve months from 30 September 2020.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2 Basis of preparation (Continued)

2.1 Going concern basis (Continued)

The directors are of the opinion that, after taking into account the following plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 30 September 2020:

- (i) On 31 March 2019, the ultimate holding company of the Group, together with the Company's two directors, Mr. Yan Kim Po ("Mr. Yan") and Ms. Lam Kwan ("Ms. Lam"), (collectively, the "Guarantors"), entered into a deed of funding undertakings to provide funding to the Group. The funding notice request could be issued at the discretion of the Company to the ultimate holding company and the Guarantors and the total amount of funding undertakings shall not exceed US\$30,000,000. The deed was renewed on 30 September 2020 to extend the period of funding notice to 30 September 2022 with other major terms and conditions remain as unchanged. The above deed entered on 31 March 2019 was superseded by this deed, and had ceased to be effective from 30 September 2020.

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

The undertakings shall cease to have effect after twenty four months from 30 September 2020 (the date of the deed) or upon the Company or any subsidiary of the Group having obtained additional long-term external bank borrowings or other sources of long-term financing with a principal amount of not less than US\$30,000,000, whichever is the earlier.

As at 30 September 2020, the Group had obtained a total of US\$13,100,000 of loan from the ultimate holding company of which US\$10,100,000 was obtained under the terms of the deed. US\$6,000,000 and US\$2,000,000 of the loan balance will be repayable by March 2021 and April 2021 respectively. The remaining will be repayable by January 2022, March 2022 and June 2022 respectively. The ultimate holding company has confirmed its intention to extend the maturity of loans for 2 years on the respective maturity dates as necessary and as such the directors of the Company are of the opinion that the repayment of such balances maturing by 30 September 2021 will be extended beyond 30 September 2021. The remaining amount of funding available under the deed of funding undertakings was US\$19,900,000 as at 30 September 2020.

- (ii) Management are of the opinion that based on the current business performance and development of the Group, the holder of the convertible bonds will convert the convertible bonds in full by the maturity date. In case the bond holder does not convert fully the bonds by the maturity date, management will negotiate with the bond holder, and strongly believes that the bond holder will agree, to extend the maturity of the bonds for not less than twelve months on the maturity date under the same terms and conditions of the sales and purchase agreement.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2 Basis of preparation (Continued)

2.1 Going concern basis (Continued)

- (iii) The Group does not have any significant capital or other commitments as at 30 September 2020. In respect of the Group's investment properties development in Hainan, the Group is in the process of applying for the land development approval. The Group does not have any significant commitment for capital expenditure in respect of such projects at this stage and no significant expenditures in relation to such development will be committed by the Group before securing the necessary funding.
- (iv) The Group will also continue to seek for other alternative financing and bank borrowings, including the raising of funds through capital market, to finance the settlement of its existing financial obligations and future operating and capital expenditures.
- (v) In light of the COVID-19 outbreak, the Group is closely monitoring the latest development and will continue to assess the impact of the pandemic, as well as any change in government policies, on the Group's operations from time to time and adjust its business strategy for its chartering business to generate sufficient cash from its operations.

The directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from 30 September 2020. Accordingly, the directors are satisfied that it is appropriate to prepare the condensed consolidated interim financial information on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether management of the Group is able to achieve its plans and measures as described above which have incorporated assumptions about future events and conditions that are subject to inherent uncertainties. Whether the Group will be able to continue as a going concern would depend upon the following:

- (i) Whether the ultimate holding company and the Guarantors will be able to provide further funding of up to US\$19,900,000 to the Group under the above deed of funding undertakings as and when needed; and whether the ultimate holding company will extend the repayment term of the relevant loans upon maturity for a period which will be beyond 30 September 2021;
- (ii) Whether the relevant holder of convertible bonds will convert the convertible bonds in full by the maturity date, and in case the bond holder does not fully convert the bond by the maturity date, whether management will successfully negotiate with the bond holder to extend the maturity of the bond for not less than twelve months on the maturity date under the same terms and conditions of the sales and purchase agreement;
- (iii) Whether the Group can successfully apply for the approval of the land development for the Group's investment properties development projects in Hainan and successfully raise financing as and when required for the development of the investment properties;

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2 Basis of preparation (Continued)

2.1 Going concern basis (Continued)

- (iv) Whether the Group can obtain additional sources of financing or bank borrowings, including the raising of funds through capital market, as and when needed;
- (v) Whether the Group can generate sufficient operating cash inflow from its shipping operations despite the volatile shipping market;
- (vi) Whether the Group can successfully contain the impact of the pandemic, as well as any change in government policies, on the Group's operations from time to time and adjusting its business strategy for its chartering business to generate sufficient cash from its operations.

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

3 Accounting policies

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

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period:

Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Hedge Accounting
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 16	COVID-19-related Rental Concession

The amended standards and framework listed above did not have any material impact on the amounts recognised in prior period and are not expected to significantly affect the current or future period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 Accounting policies (Continued)

(b) New and amended standards not yet effective for the financial year beginning on 1 April 2020 and have not been early adopted by the Group

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 April 2023
Amendments to HKAS 16	Proceeds before Intended Use	1 April 2022
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract	1 April 2022
Amendments to HKFRS 3	Update Reference to the Conceptual Framework	1 April 2022
Amendments to Annual Improvements Project	Annual Improvements to HKFRSs 2018–2020	1 April 2022
HKFRS 17	Insurance contracts	1 April 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group's management assessed that there are no new standard and amendment to standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Taxes on income for the interim period are accrued using the estimated tax rates that would be applicable to expected total annual earnings.

4 Estimates

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

In preparing the condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were same as those that applied to the consolidated financial statements for the year ended 31 March 2020.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 Financial risk management and financial instruments

5.1 Financial risk factors

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

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 2020.

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

5.2 Cash flow and fair value interest rate risk

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

The Group's cash flow interest rate risk is mainly concentrated on the fluctuations of London Interbank Offered rate ("LIBOR") and Hong Kong Dollars Best Lending Rate ("Prime Rate") arising from the Group's variable-rate bank borrowings and loan from a financial institution respectively.

As at 30 September 2020, if interest rates on bank borrowings and loan from a financial institution had been fluctuated by 30 basis points with all other variables held constant, the Group's post-tax loss for the period would have been affected by approximately US\$22,000 (six months ended 30 September 2019: US\$28,000), mainly as a result of fluctuation on interest expenses on floating rate bank borrowings and loan from a financial institution.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 Financial risk management and financial instruments (Continued)

5.3 Liquidity risk

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year US\$'000	Between 1 and 2 years US\$'000	Between 2 and 5 years US\$'000	Total US\$'000
At 30 September 2020				
Borrowings and loans	11,821	8,647	8,125	28,593
Interest on borrowings and loans	796	791	54	1,641
Convertible bonds and interest payable	54,000	—	—	54,000
Other payables and accruals	7,037	—	—	7,037
At 31 March 2020				
Borrowings and loans	10,104	7,536	9,451	27,091
Interest on borrowings and loans	913	788	261	1,962
Convertible bonds and interest payable	—	54,000	—	54,000
Other payables and accruals	7,224	—	—	7,224

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 Financial risk management and financial instruments (Continued)

5.4 Fair value estimation

The carrying amounts for the Group's financial assets, including trade receivables, deposits and other receivables, pledged deposit, pledged bank deposits, and cash and cash equivalents and current financial liabilities, including other payables and accruals, borrowings and loans and convertible bonds approximate their fair values.

The fair values of the bank borrowings and loan from a financial institution as at 30 September 2020 approximate their carrying amounts as they bear interest at floating rates that are market dependent.

6 Segment information

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

The operating segments comprise:

- Chartering of vessels
- Property investment and development

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

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

Segment assets are those operating assets that are employed by a segment in its operating activities. Segment assets exclude corporate assets, which are managed on a central basis.

Segment assets reported to the executive directors are measured in a manner consistent with that in the condensed consolidated interim financial information. No analysis of segment liabilities is presented as it is not regularly provided to the executive directors.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 Segment information (Continued)

(a) Segment revenue, results and other information

	Chartering of vessels US\$'000	Property investment and development US\$'000	Others US\$'000	Total US\$'000
Six months ended 30 September 2020				
Revenue recognised over time	5,599	—	—	5,599
Segment loss	(1,259)	(1,474)	(556)	(3,289)
Depreciation	(1,641)	(17)	—	(1,658)
Finance costs	(372)	(2,346)	(239)	(2,957)
Six months ended 30 September 2019				
Revenue recognised over time	7,095	—	—	7,095
Segment profit/(loss)	442	(1,682)	(506)	(1,746)
Depreciation	(1,713)	(21)	—	(1,734)
Finance costs	(646)	(2,134)	(159)	(2,939)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 Segment information (Continued)**(b) Segment assets**

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

	Chartering of vessels US\$'000	Property investment and development US\$'000	Others US\$'000	Total US\$'000
As at 30 September 2020 Segment assets	55,929	70,410	176	126,515
As at 31 March 2020 Segment assets	56,758	66,579	254	123,591

(c) Geographical information

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

7 Other gains

	Six months ended 30 September	
	2020 US\$'000	2019 US\$'000
Fair value gains on: — Investment properties	1,002	664

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 Other income

	Six months ended 30 September	
	2020 US\$'000	2019 US\$'000
Government grants (Note)	34	—
Sundry income	8	11
	42	11

Note:

Government grants recognised were primarily related to the subsidies from the Hong Kong Government under the Anti-epidemic Fund. There were no unfulfilled conditions and other contingencies attached to the receipts of the grants.

9 Expenses by nature

	Six months ended 30 September	
	2020 US\$'000	2019 US\$'000
Depreciation of property, plant and equipment (Note 14)	1,658	1,734
Crew expenses (included in cost of services)	1,615	1,582
Operating lease rental for land and buildings	122	166
Employee benefit expenses (including directors' emoluments)		
— Fee, salaries and other benefit costs	675	690
— Post-employment benefit — defined contribution plans	11	18

10 Finance costs

	Six months ended 30 September	
	2020 US\$'000	2019 US\$'000
Arrangement fee on borrowings and loans	(36)	(44)
Interest expense on borrowings and loans	(575)	(761)
Interest expense on convertible bonds — non-cash (Note 20)	(2,346)	(2,134)
	(2,957)	(2,939)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2019: same) on the estimated assessable profit for the six months ended 30 September 2020. The subsidiary established in the PRC is subject to corporate income tax rate of 25% (six months ended 30 September 2019: same). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

	Six months ended 30 September	
	2020 US\$'000	2019 US\$'000
Current income tax		
— Hong Kong profits tax	4	—
Under provision in prior years		
— Hong Kong profits tax	165	—
Deferred income tax	250	166
Income tax expense	419	166

12 Loss per share**(a) Basic loss per share**

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	
	2020 US cents	2019 US cents
Basic loss per share attributed to the owners of the Company	0.40	0.20

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 Loss per share (Continued)

(b) Diluted loss per share

	Six months ended 30 September	
	2020 US cents	2019 US cents
Diluted loss per share attributed to the owners of the Company	0.40	0.20

Diluted loss per share for the period ended 30 September 2020 is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options and convertible bonds which may result in dilutive potential ordinary shares. Its calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share prices of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options and convertible bonds. The number of shares calculated is compared with the number of shares that would have been issued assuming the exercise of the share options and convertible bonds.

Diluted loss per share for the six months ended 30 September 2020 equals basic loss per share as the potential ordinary shares were not included in the calculation of diluted loss per share because they are anti-dilutive.

13 Dividends

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: same).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 Property, plant and equipment

	2020 US\$'000	2019 US\$'000
Six months ended 30 September		
Opening net book amount at 1 April	50,197	57,895
Addition	1,748	—
Depreciation	(1,658)	(1,734)
Exchange difference	2	(3)
Closing net book amount at 30 September	50,289	56,158

Depreciation expense of approximately US\$1,641,000 (six months ended 30 September 2019: US\$1,713,000) has been charged in "Cost of services" and US\$17,000 (six months ended 30 September 2019: US\$21,000) in "General and administrative expenses".

As at 30 September 2020, the Group's vessels of US\$50,254,000 (31 March 2020: US\$50,146,000) was pledged as security for bank borrowings and loan from a financial institution.

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

15 Investment properties

	2020 US\$'000	2019 US\$'000
Six months ended 30 September		
Opening balance at 1 April	66,336	65,701
Fair value gain	1,002	664
Exchange difference	2,705	(3,166)
Closing net book amount at 30 September	70,043	63,199

The fair value measurement information for these investment properties is in accordance with HKFRS 13 based on significant unobservable inputs (level 3) as at 30 September 2020 and 31 March 2020.

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

The valuations of the investment properties were carried out by an independent firm, Vincorn Consulting & Appraisal Limited (2019: Hong Kong Appraisal Advisory Limited), based on market conditions as at 30 September 2020 using direct comparison method. There were no changes in valuation methodologies during the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 Investment properties (Continued)

The significant unobservable inputs include:

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

Location adjustment: Based on the distance to the city centre, the development of the transport network and other community facility service.

Land use right adjustment: Based on the best use of the property for the highest value in the market.

Size adjustment: Based on the buildable area of the property.

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

There were no changes in valuation methodologies during the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 Trade receivables, deposits, prepayments and other receivables

	As at	
	30 September 2020 US\$'000	31 March 2020 US\$'000
Trade receivables	792	785
Less: Provision for impairment of trade receivables	(31)	(31)
Trade receivables, net	761	754
Prepayments	542	268
Deposits	675	1,640
Other receivables	378	1,065
Other receivables from related parties (Note 24)	8	8
	2,364	3,735
Less: non-current pledged deposit	(500)	(500)
	1,864	3,235

As at 30 September 2020, a cash deposit of US\$500,000 (31 March 2020: US\$500,000) was pledged as security for loan from a financial institution of US\$3,004,000 (31 March 2020: US\$3,495,000). The deposit bears interest at 1.5% per annum.

As at 30 September 2020 and 31 March 2020, the ageing analysis of trade receivables based on invoice date was as follows:

	As at	
	30 September 2020 US\$'000	31 March 2020 US\$'000
0–30 days	374	694
31–60 days	210	14
61–90 days	144	12
91–365 days	18	34
Over 365 days	46	31
	792	785

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 Share capital

	As at		As at	
	30 September 2020		31 March 2020	
	Number of shares (thousands)	Amount HK\$'000	Number of shares (thousands)	Amount HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	4,000,000	40,000	4,000,000	40,000
			Number of shares (thousands)	Share capital US\$'000
Issued and fully paid:				
At 1 April 2019, 30 September 2019, 1 April 2020 and 30 September 2020			952,514	1,221

Note:

- (i) As at 1 April 2020 and 30 September 2020, the number of share options outstanding were 11,150,000 and their related weighted average exercise prices were HK\$1.17 per share option. The outstanding options were vested and exercisable. No options were exercised during the period ended 30 September 2020 (2019: same).

18 Borrowings and loans

	As at	
	30 September 2020 US\$'000	31 March 2020 US\$'000
Non-current		
— Bank borrowings (Note (i))	9,444	10,013
— Loan from a financial institution (Note (i))	2,017	2,512
— Loan from the ultimate holding company (Note (ii))	5,311	4,462
	16,772	16,987
Current		
— Bank borrowings (Note (i))	2,381	2,857
— Loan from a financial institution (Note (i))	987	983
— Loan from the ultimate holding company (Note (ii))	8,453	6,264
	11,821	10,104

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 Borrowings and loans (Continued)

Notes:

- (i) The bank borrowings and loan from a financial institution bear interest at floating rates that are market dependent and are denominated in US\$. The fair values of the bank borrowings and loan from a financial institution approximate their carrying amounts.
- (ii) The loan from the ultimate holding company is unsecured and bears interest at 4% per annum. The loan from the ultimate holding company is denominated in US\$ and approximates its fair value.

As at 30 September 2020, the Group's bank borrowings and loan from a financial institution were secured by the following:

- The Group's property, plant and equipment of approximately US\$50,254,000 (31 March 2020: US\$50,146,000); and
- Personal guarantees executed by Mr. Yan and Ms. Lam (31 March 2020: nil).

Movements in borrowings and loans are analysed as follows:

	Six months ended 30 September	
	2020 US\$'000	2019 US\$'000
Opening amount at 1 April	27,091	30,821
Addition — Bank borrowings	513	—
Addition — Loan from a financial institution	—	4,206
Addition — Loan from the ultimate holding company	2,800	500
Interest expense	611	805
Repayments of borrowings and loans	(2,422)	(9,669)
Closing amount at 30 September	28,593	26,663

19 Deferred income tax

	Six months ended 30 September	
	2020 US\$'000	2019 US\$'000
Opening balance at 1 April	15,814	15,615
Charged to profit or loss	250	166
Exchange difference	646	(753)
Closing balance at 30 September	16,710	15,028

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 Convertible bonds

	As at	
	30 September 2020 US\$'000	31 March 2020 US\$'000
Non-current		
— Top Build Convertible Bonds (Note)	—	48,347
Current		
— Top Build Convertible Bonds (Note)	50,693	—

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

	Liability component US\$'000	Total US\$'000
As at 1 April 2020	48,347	48,347
Interest expense (Note 10)	2,346	2,346
At 30 September 2020	50,693	50,693
As at 1 April 2019	43,975	43,975
Interest expense (Note 10)	2,134	2,134
At 30 September 2019	46,109	46,109

Note:

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 Other payables and accruals

	As at	
	30 September 2020 US\$'000	31 March 2020 US\$'000
Other payables and accruals	768	1,390
Contract liabilities	250	165
Other payables to related parties (Note 24)	6,377	5,900
	7,395	7,455

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

22 Contingent liabilities

Save as disclosed in the condensed consolidated interim financial information, the Group had no other material contingent liabilities as at 30 September 2020.

23 Commitments

(a) Capital commitments

At 30 September 2020, capital expenditure contracted for but not yet incurred is as follows:

	As at	
	30 September 2020 US\$'000	31 March 2020 US\$'000
Investment properties	274	263

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

23 Commitments (Continued)**(b) Operating lease commitments — Group as lessor**

At 30 September 2020, 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 terms ranging from 1 to 3 months:

	As at	
	30 September 2020 US\$'000	31 March 2020 US\$'000
Vessels		
— Not later than one year	5,202	4,579

24 Related party transactions

The ultimate holding company of the Company is Ablaze Rich Investments Limited (“Ablaze Rich”), a company incorporated in the British Virgin Islands with limited liability. The ultimate controlling parties of Ablaze Rich are Mr. Yan and Ms. Lam who are also the directors of the Company.

(a) Significant transactions with related parties

The Group had the following significant transactions with its related companies for the six months ended 30 September 2020 and 2019.

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	
	2020 US\$'000	2019 US\$'000
Interest on loan from the ultimate holding company	238	159
Rental expenses paid to Toprich (Asia) Limited (Note (i))	106	101

Note:

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

24 Related party transactions (Continued)

(b) Balance with related parties

As at 30 September 2020 and 31 March 2020, the Group had the following significant balances with its related parties.

	30 September 2020 US\$'000	31 March 2020 US\$'000
Other receivables due from related parties controlled by the ultimate controlling parties	8	8
Loan from the ultimate holding company	(13,764)	(10,726)
Other payables due to a related company controlled by the ultimate controlling parties	(2,939)	(2,595)
Other payables due to related companies which are ultimately controlled by Mr. Yin Hai (Note (i))	(3,438)	(3,305)

Note:

- (i) Mr. Yin Hai is the brother of Mr. Yan.

(c) Transactions with key management personnel

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

	Six months ended 30 September	
	2020 US\$'000	2019 US\$'000
Salaries and other short-term employee benefits	420	420
Pension costs — defined contribution plans	6	6
	426	426