Great Harvest Maeta Holdings Limited
榮豐億控股有限公司

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

Interim Report 2023

CONTENTS



GLOSSARY

"2011 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 and expired on 18 August 2021
"2021 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 18 August 2021
"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, and is the controlling shareholder of the Company (as defined under the Listing Rules)
"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
"BVI"	the British Virgin Islands
"CG Code"	Corporate Governance Code contained in Part 2 of Appendix 14 to the Listing Rules
"Company"	Great Harvest Maeta Holdings Limited（榮豐億控股有限公司）, an exempted company incorporated in the Cayman Islands on 21 April 2010 under the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with limited liability
"Director(s)"	director(s) of the Company
"dwt"	an acronym for deadweight tonnage, a measure expressed in metric tons or long tons of a ship's carrying capacity, including cargoes, bunker, fresh water, crew and provisions

GLOSSARY

"EBITDA"	earnings before interest, tax, depreciation and amortisation, computed to exclude reversal of impairment losses on property, plant and equipment or impairment loss on property, plant and equipment
"GH GLORY/ HARMONY Loan"	a term loan for the principal amount of US$14.75 million for refinancing of the Group's bank borrowings in relation to two vessels owned by the Group, namely GH GLORY and GH HARMONY. The principal amount shall be repayable by quarterly instalments commencing on 30 June 2021
"Group"	the Company and its subsidiaries
"Hainan Land"	two parcels of land located at Meidian Slope, Hongqi Town, Qiongshan District, Haikou, Hainan Province, the PRC
"HK$" 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
"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
"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 husband of Ms. Lam
"Ms. Lam"	Ms. LAM Kwan（林群女士）, the chairperson of the Board, the chief executive officer of the Company, an executive Director and the wife of Mr. Yan
"PRC" or "China"	the People's Republic of China which, for the purposes of this report only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"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 is the holder of the Top Build Convertible Bonds
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company

GLOSSARY

"Stock Exchange" The Stock Exchange of Hong Kong Limited

"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 original principal amount of US$54,000,000 due on 10 May 2021 issued by the Company initially to Mr. Yan, Ms. Lam and Mr. Yin Hai and subsequently transferred to Sfund

"Union Apex" Union Apex Mega Shipping Limited（聯合佳成船務有限公司）, a company incorporated in Hong Kong on 2 December 2009 and a wholly-owned subsidiary of the Company

"United States" and "US" United States of America

"US$" and "US cents" United States dollars and cents, respectively, the lawful currency of the United States

CORPORATE INFORMATION

Board of Directors

Executive Directors

Ms. LAM Kwan (林群)
(Chairperson and Chief Executive Officer)
Mr. PAN Zhongshan (潘忠善)
(appointed on 28 April 2023)
Ms. ZHAO Lihong (趙曆宏)
(resigned on 28 April 2023)

Independent non-executive Directors

Mr. CHEUNG Kwan Hung (張鈞鴻)
Dr. CHAN Chung Bun Bunny (陳振彬)
Ms. WONG Tsui Yue Lucy (黃翠瑜)

Audit Committee

Mr. CHEUNG Kwan Hung (張鈞鴻)
(Chairperson of Audit Committee)
Dr. CHAN Chung Bun Bunny (陳振彬)
Ms. WONG Tsui Yue Lucy (黃翠瑜)

Remuneration Committee

Dr. CHAN Chung Bun Bunny (陳振彬)
(Chairperson of Remuneration Committee)
Ms. LAM Kwan (林群)
Mr. CHEUNG Kwan Hung (張鈞鴻)

Nomination Committee

Ms. LAM Kwan (林群)
(Chairperson of Nomination Committee)
Dr. CHAN Chung Bun Bunny (陳振彬)
Ms. WONG Tsui Yue Lucy (黃翠瑜)

Company secretary

Mr. SZE Wing Kin Pierre (施永健)

Authorised representatives

Ms. LAM Kwan (林群)
Mr. SZE Wing Kin Pierre (施永健)

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

Union Registrars Limited
Suites 3301-04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

Independent auditor

CL Partners CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

Legal adviser as to Hong Kong law

Chiu & Partners

Principal bankers

Macquarie Bank Limited, London Branch
DBS Bank (Hong Kong) Limited
The Hong Kong and Shanghai Banking Corporation 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, Union Registrars Limited. In the event of any difference, the English version prevails.

FINANCIAL HIGHLIGHTS

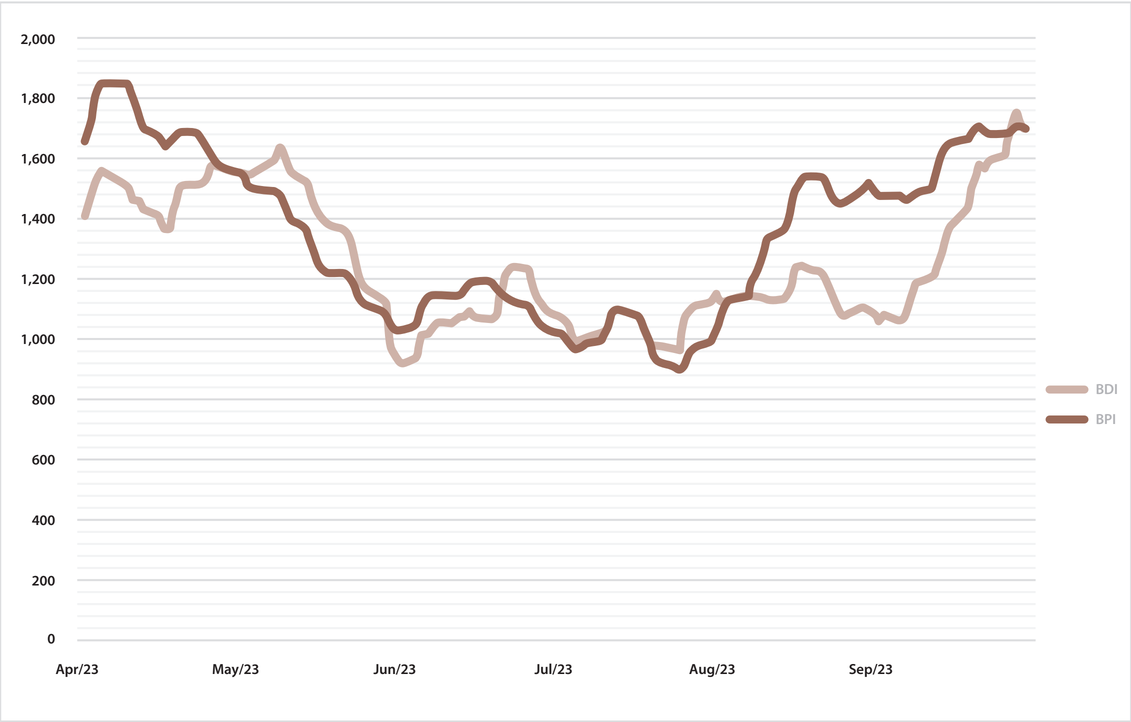
	Six months ended 30 September (Unaudited) 2023 US$'000	2022 US$'000
Revenue	**6,639**	10,790
Gross (loss)/profit	**(218)**	2,596
Total comprehensive expense attributable to owners of the Company	**(8,512)**	(3,458)
EBITDA	**1,374**	7,202
(Loss)/earnings per share attributable to owners of the Company		
– Basic	**(US0.70 cents)**	US0.153 cents
– Diluted	**(US0.70 cents)**	US0.002 cents

	(Unaudited) 30 September 2023 US$'000	(Audited) 31 March 2023 US$'000
Total assets	**123,904**	132,992
Total liabilities	**(101,866)**	(102,255)
Net assets	**22,038**	30,737

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

Daily Variation Chart of Baltic Dry Index (BDI) and Baltic Panamax Index (BPI)
1 April 2023 – 30 September 2023



BDI high at 1,752 on 27 September 2023, low at 919 on 2 June 2023 and average at 1,251.

BPI high at 1,852 on 11 April 2023, low at 895 on 25 July 2023 and average at 1,340.

With the increasing growth of global bulk commodity trade as well as the gradual alleviation of downward pressure on small bulk commodity trade, the trading volume of global dry bulk shipping (ton nautical mile) increased by 4.8% year-on-year from January to September this year. The imports of domestic bulk shipping recorded a significant increase, with a 15.5% rise in ton nautical mile, while demand from countries/regions other than China has yet to see a significant improvement, with a 2.8% fall in ton nautical mile. In general, the Chinese economy recovery has a noticeable driving effect, and the overall growth trend of trading volume in the dry bulk market in 2023 is relatively positive.

Upon a decline of 2.9% in the trading volume of global dry bulk in 2022, according to a market research conducted by a market research institution (the "Market Research Institution"), it was estimated to experience an increase of 2.6% in 2023. Meanwhile, as a result of the continuous impact of Russia-Ukraine conflict, the trade pattern has gradually shifted to long distance, and the dry bulk (ton nautical mile) trade is expected to increase by 3.2% in 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of the supply, the growth rate of bulk fleet was relatively stable. The impact of new environmental protection regulations on ship-dismantling market has not yet materialized. The scrapping volume is still subject to restrictions since the beginning of the year, and the growth rate of the bulk fleet is expected to remain at 2.8% in 2023 according to the Market Research Institution. Besides, the speed of dry bulk fleet decelerated significantly against the backdrop of a relatively weak market. According to the Market Research Institution, the average speed of dry bulk fleet as at the beginning of August 2023 was down approximately 2% year-on-year and was 5.4% lower than the highest level in November 2021.

In addition, the potential impact of new environmental protection regulations also includes the short-term withdrawal of vessel modification from operations, which led to a reduction in the supply of effective and active transportation capacity to a certain extent. The hustle and bustle at the ports this year was considerably lower than last year, resulting in a potential weakening trend in market balance in the second half of this year.

Business Review

The Group's vessels were in sound operation as at 30 September 2023. Currently, the fleet has a size of 319,923 dwt and an average age of 17 years.

The fleet maintained a relatively high operating performance with an average vessel charter-out percentage of 99.9% for the first half of the year. The average daily charter hire income of each vessel in the fleet was approximately US$9,407 per day, which was 40.9% lower as compared to the level for the corresponding period last year. All freight rates and charter hires were basically received in full without huge amounts of account receivables.

In view of a good track record of safe operation with no adverse incident and limited downtime, the fleet managed to maintain a relatively high operating rate during the period.

Due to changes in the vessel age and the market demand, the Company made timely adjustments to the fleet's main shipping capacity to the Australian and Indonesian coal shipment routes. Benefiting from the substantial increase in China's coal imports this year, the fleet achieved better operating results. The Group was able to exert stringent control over costs and expenses in the management of its fleet and strived to minimize voyage expenses. Thus the management expenses of its vessels were basically within budget.

In order to reduce operational risks and improve 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 offer them the best services, so as to maintain a favourable market image for the fleet.

Market Outlook

Based on supply and demand fundamentals mentioned above, the Market Research Institution expects the "tepid" state of the bulk carrier market to continue in the second half of the year, despite the seasonal upturn. Overall, the bulk carrier market is expected to see relatively modest returns in 2023 compared to the strong growth in 2021 to 2022.

Looking forward to next year's market, it is expected that the market fleet will increase by 2.4% in terms of dwt and increase by 3.0% in terms of dry bulk trade volume in 2024. Theoretically, there is a possibility of improvement in the earnings of the bulk carrier market in 2024, but it is still difficult to return to the high earnings level in 2021.

In the second half of the year, the macro-environment will remain complex and volatile, with the Russia-Ukraine conflict continuing to impact energy and food supply, and the US dollar maintaining high interest rates, posing a significant obstacle to global economic growth. The international dry bulk shipping market is overly dependent on the growth of China's import market. As a result, the global shipping market will continue to experience an oscillating trend of weakening demand for shipping and continued divergence in market freight rates.

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

Since May 2016, Top Build, a direct wholly-owned subsidiary of the Company, has held, indirectly through its subsidiaries, 91% equity interest in a company in the PRC which holds the Hainan Land. The Hainan Land has a site area of 132,880.56 sq.m. In accordance with the development positioning and policy direction of Hainan Free Trade Port, the Group plans to develop the project into a "cultural and tourism real estate" project to share the benefit of department of Hainan Free Trade Port, for the development of villas, high/low density apartments, and integrated business offices with an area of approximately 130,000 square meters. At present, the Group companies are negotiating strategic cooperation with two world's top 500 companies and are actively coordinating with the government and relevant departments to adjust the planning of the area where the project is located. Construction of Phase I at Huanhu Road in the area where the project is located has commenced. The project will enter the formal construction stage after the government completes the planning adjustment of the area where the project is located.

MANAGEMENT DISCUSSION AND ANALYSIS

Since the announcement of the construction of Hainan Free Trade Port in 2018, especially since the promulgation of the General Plan for the Construction of Hainan Free Trade Port (《海南自貿港建設總體方案》) and the Law on Hainan Free Trade Port (《海南自貿港法》), Hainan Province, with its world-class open standards, hopes to make Hainan Free Trade Port a symbol of China's openness to the world. Hainan Province has implemented a strategic framework of "One Guideline, Three Foundations, Four Positioning and Eight Pillars (一本三基四梁八柱)", with the aim of building two headquarters bases and three centers for the national strategic industries such as aerospace, deep sea, Nanfan, to bring in the world's top 500 companies and the top 100 domestic companies, especially a large number of central enterprises to set up regional headquarters, which has given a strong impetus to the construction of Hainan Free Trade Port. At the same time, Hainan took the lead in setting up a business environment construction department, constantly optimizing the business environment, speeding up institutional innovation and the implementation of various free trade port policies, which led to the exponential growth of various market players. The construction of Hainan Free Trade Port has taken on a booming momentum. In particular, since the abatement of COVID-19 pandemic in second half of 2022, Hainan Province, in conjunction with the actual construction of the free trade port, has implemented a series of national policies and measures to stabilize the economy and promote high-quality development, so that Hainan's economy has quickly achieved a stable and positive growth. From January to March 2023, Hainan's GDP reached RMB177.596 billion, a cumulative increase of 6.8% as compare to the corresponding period; from January to March 2023, Hainan's total imports and exports of goods amounted to RMB57.744 billion, a cumulative increase of 32.5% as compare to the corresponding period. The growth rate is among the highest across the country.

The year 2023 is a crucial year for the commence operation of Hainan Free Trade Port. In order to fulfill the necessary conditions for the commencement of border closure procedures in 2023 and the full realization of border closure operation in 2024, Hainan Province is accelerating the construction of 136 border closure projects. The projects are progressing smoothly, which will be fully completed by the end of 2023. In addition, Hainan is accelerating the construction of major infrastructure facilities, Hainan Island Tourism Highway, reflecting the style of Hainan, which has completed and opened to traffic at the end of June 2023; Zhanjiang-Haikou High-speed Rail, linking the Great Bay Area, which will start construction in 2023; Hainan middle high-speed railway and Haikou second bypass expressway and other major infrastructure projects which are also working on the preliminary work. In particular, the Haikou second bypass expressway will start construction soon, which will greatly improve the traffic conditions of this project.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of the real estate business, since 2022, in order to put an end to the pillar position of the real estate industry and stop over-reliance on the industry, Hainan Province has still adhered to the principle that "houses are for living in, not for speculation", strictly controlled the land supply for commercial housing, vigorously developed industrial real estate and affordable commercial residential property, continuously optimized the structure of the real estate industry, and promoted the healthy development of the real estate industry. To revitalize stock land and solve matching problems between projects and land, so that the projects may be started when the land is secured, Hainan established the first land supermarket in the country, and promote the implementation of the standard land model. This year, in order to intensify its efforts on attracting investments, Hainan has adopted the "land supermarket + project" model to attract investments from Hong Kong, Singapore, Beijing, Shanghai, Guangzhou, Chengdu, Chongqing, Xi'an, Hangzhou and other places for several times, which attracted the extensive attention of domestic and foreign investors. Since the establishment of the land supermarket by Hainan in April 2022, a total of 676 parcels of land have hit shelves, among which 314 parcels of land with a total area of 15,800 mu were sold at a total transaction price of RMB31.72 billion, which provided land for the implementation of a large number of industrial projects.

In order to promote the healthy development of the real estate industry in Hainan Province, and especially to resolve the real estate market risk, China has introduced a series of policies and measures to stabilize home prices, land premiums and market sentiment, and ensure property delivery and people's livelihood. Hainan has also further optimized real estate regulation measures, including the relaxation of record price for commercial housing, lowering the down payment ratio and mortgage rates, transfer of second-handed housing with mortgage loans and reducing the saleable area of commercial housing. Currently, the real estate markets in Hainan Province and Haikou City are showing a trend of stability and improvement with an optimizing structure in general. The commercial housing market sees steady rise in prices and developers' reluctance to sell due to the short supply of commercial housing resulting from the strict control of land supply for commercial housing by the government. At present, the record prices for commercial housing in Haikou City generally range from RMB20,000 to RMB22,000/square meter while some record prices may be higher at around RMB25,000 to RMB28,000/square meter; there are fewer in non-commercial residential properties such as office buildings and serviced apartments, however, the transaction prices remain stable at RMB18,000 to RMB23,000/square meter, with a high of RMB30,000/square meter. According to a research in the area where the Hainan Land is located, the sales prices of commercial residential properties and non-commercial residential properties in the area are close with transaction prices ranging from RMB14,000 to RMB16,000/square meter. After the construction on the Hainan Land is officially commenced upon the completion of the adjustment of area planning, the Group's project will see a significant increase in sales price resulting from the improvement of surrounding environment.

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

MANAGEMENT DISCUSSION AND ANALYSIS

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 company named in the Fortune Global 500 list of corporations, 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. As at the date of this report, the proposed investment is still in the process of due diligence review and formal agreement negotiation.

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

Financial Review

Revenue

The revenue of the Group decreased from about US$10.8 million for the six months ended 30 September 2022 to about US$6.6 million for the six months ended 30 September 2023, representing a decrease of about US$4.2 million, or about 38.5%. The decrease in revenue was due to drop in average daily charter hire income of the Group's fleet. The average daily charter hire income of the Group's fleet decreased from approximately US$15,905 for the six months ended 30 September 2022 to approximately US$9,407 for the six months ended 30 September 2023.

Cost of services

Cost of services of the Group decreased from about US$8.2 million for the six months ended 30 September 2022 to about US$6.9 million for the six months ended 30 September 2023, representing a decrease of approximately US$1.3 million, or about 16.3%. Depreciation of vessels decreased by around US$0.7 million after the impairment recorded in the year ended 31 March 2023. The change of ship management company for the whole fleet was completed during the period. The direct operating costs decreased by approximately US$0.8 million whilst the fuel cost increased by approximately US$0.2 million as compared to last period due to the fluctuation in bunker price during the period.

Gross (loss)/profit

The Group recorded a gross profit drop from gross profit of about US$2.6 million for the six months ended 30 September 2022 to a gross loss of about US$0.2 million for the six months ended 30 September 2023, representing a drop of approximately US$2.8 million, while the gross profit margin dropped from approximately 24.1% for the six months ended 30 September 2022 to a gross loss of approximately 3.3% for the six months ended 30 September 2023. Although there were positive factors of the moderate decrease in cost of services including decrease in depreciation of vessels and operating costs, the drop in revenue due to decrease in average daily charter hire income of the Group's fleet still resulted in significant decline in gross profit.

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 2022 to approximately US$1.3 million for the six months ended 30 September 2023, representing a decrease of approximately US$0.1 million or approximately 10.9%. The decrease in administrative cost was mainly due to the reduction in legal and professional fees which was partially offset by increase in staff cost during the period.

Provision for impairment losses on property, plant and equipment

The Group principally engages in chartering of dry bulk vessels and the Group's fleet has four vessels with carrying capacity of 319,923 dwt and an average age of 17 years. The Group maintained a fleet occupancy rate of approximately 99.9% for the six months ended 30 September 2023.

The Group's management regards each individual vessel as a separate identifiable cash-generating unit ("CGU").

As at 30 September 2023, the Group reviewed the carrying amounts of its property, plant and equipment (including the four vessels) to determine whether there is any indication that those assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

During the six months ended 30 September 2023, dry bulk charter rates dropped significantly compare with last period and due to this unfavorable market condition, an indication of impairment on the vessels is identified. The Group estimated the recoverable value, representing the greater of the vessels' fair value less cost to disposal ("FVLCTD") or its value in use ("VIU") and internal and external sources of information are considered in the estimation assessment.

MANAGEMENT DISCUSSION AND ANALYSIS

Impairment Assessment:

VIU: The VIU of the vessels is assessed based on management's assumptions and estimates of vessels' future earnings and appropriate pre-tax discount rates to derive the present value of those earnings. The Group usually enters charter hire contracts for periods of 3 to 6 months in the spot market. The discount rates used to the VIU calculation on owned vessels was 8.8% (30 September 2022: 9.8%), which are based on the industry sector risk premium relevant to the CGUs and the applicable gearing ratio of the CGUs.

FVLCTD: As at 30 September 2023, the aggregate FVLCTD of the vessels amounted to US$49.9 million. The fair value is based on valuations performed by a leading international company specialised in vessels valuation.

The fair value of the vessels was an estimate of fair market price based on the price the valuer estimates as its opinion in good faith that the vessels would obtain in a hypothetical transaction between a willing buyer and a willing seller on the basis of prompt charter free delivery at an acceptable worldwide delivery port, for cash payment on standard sale terms.

The fair value of the vessels were primarily determined based on the direct comparison method with reference to recent sales of comparable vessels. In particular, the vessel's market value is estimated using five factors:

– Type: Each vessel type is modelled independently.

– Features: Relative scores are assigned to all features recorded in the vessel database.

– Age and Cargo Capacity: The nonlinear dependences of value on age and cargo capacity are modelled using mathematical functions with adjustable parameters which allow them to assume a variety of shapes. Constraints are imposed on these parameters by application of economic principles and broking expertise.

– Freight Earnings: Time charters, spot freight rates and forward freight agreements are used to create indicators of freight market sentiment for each vessel type. Signal processing techniques are applied to these indicators to maximise their correlation with vessel values.

The market approach was consistently adopted for the six months ended 30 September 2023 and 2022. The market approach was adopted as the Company considered it to be the most suitable valuation method as it is universally considered as the most accepted valuation approach for valuing a vessel because it is based on publicly available data on comparable transactions. In the marketplace, buyers and sellers often have different perceptions of the value of the asset in disposal. The market approach, which valuation is based on and with reference to actual transaction prices by direct comparison to recent actual sales of comparable vessels, needs fewer subjective assumptions as compared to the other alternative approaches and provides a concrete method that eliminates ambiguity or uncertainty for determining the value of the vessel's worth. There were no subsequent changes in the valuation method used.

As at 30 September 2023, the aggregate recoverable amounts of vessels amounting to US$49.9 million, which were determined by FVLCTD. Since the recoverable amounts of each of the four vessels were lower than their respective carrying amounts, the carrying amount of the vessels is reduced to its recoverable amount, and impairment losses of US$2.6 million was recognised in the condensed consolidated statement of comprehensive income of the Group for the six months ended 30 September 2023. Such impairment loss is non-cash in nature and does not have impact on the operating cash flows of the Group.

Finance costs

Finance costs of the Group increased from about US$1.7 million for the six months ended 30 September 2022 to about US$2.7 million for the six months ended 30 September 2023, representing an increase of approximately US$1.0 million. The interest expenses arising from the amortisation of the Top Build Convertible Bonds increased by approximately US$0.8 million as compared to last period. With the uplifting global interest rate, the interest expenses of bank loans increased by approximately US$0.1 million as compared to last period.

(Loss)/profit for the period

Profit for the six months ended 30 September 2022 amounted to US$1.4 million and the Group recorded a loss of approximately US$6.7 million for the six months ended 30 September 2023. The significant decrease in profit was mainly attributable to the following factors: (i) decrease in revenue by approximately US$4.2 million due to drop in average daily charter hire income of the Group's fleet; (ii) decrease in other gains by approximately US$2.6 million during the six months ended 30 September 2023, as a gain on modification of convertible bonds of approximately US$2.6 million was recognized in the six months ended 30 September 2022, while there was no such gain recognized during the six months ended 30 September 2023; and (iii) provision for impairment losses on property, plant and equipment of approximately US$2.6 million was recognized for the six months ended 30 September 2023 which was resulted from the decrease in fair value of vessels owned by the Group as at 30 September 2023 as compared to impairment losses on property, plant and equipment of approximately US$0.7 million for the six months ended 30 September 2022.

EBITDA

The Group's EBITDA has decreased from US$7.2 million for the six months ended 30 September 2022 to US$1.4 million for the six months ended 30 September 2023. It was due to the decrease in gross profit, which was mainly caused by (i) the drop in average daily charter hire income of the Group's fleet; and (ii) the decrease in other gains, as a gain on modification of convertible bonds was recognized in the six months ended 30 September 2022 while there was no such gain recognized during the six months ended 30 September 2023.

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 in May 2016.

As announced by the Company on 14 May 2021, 24 June 2021, 24 November 2021, 31 December 2021 and 25 February 2022, the Top Build Convertible Bonds matured on 10 May 2021 and the Company defaulted in the redemption of the Top Build Convertible Bonds in full in accordance with the terms and conditions thereof (the "Default"). On 24 November 2021, the Company and the holder of the Top Build Convertible Bonds (the "Bondholder"), among others, entered into a settlement agreement (the "Settlement Agreement"), pursuant to which the Bondholder has agreed to withhold taking any further litigation or claims against the Company in respect of the Default provided that the Company settled the outstanding redemption amount in the Top Build Convertible Bonds by, among others, repaying the Bondholder US$25 million in cash within two months from the date of the Settlement Agreement (i.e. 24 January 2022). On 31 December 2021, the Company entered into a subscription agreement with an independent investor in Hong Kong, pursuant to which the Company has agreed to issue, and the investor has agreed to subscribe for, corporate bond in the principal amount of US$50 million, but the completion of such subscription did not take place. As a result, the Company did not pay in full the US$25 million which was due and payable on 24 January 2022 pursuant to the terms of the Settlement Agreement. On 24 February 2022, the Bondholder filed a winding-up petition (the "Petition") with the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the "High Court of Hong Kong") for the winding-up of the Company in relation to the outstanding redemption amount in the Top Build Convertible Bonds, which amounted to US$51,230,000 as at the date of the Petition.

On 29 June 2022, the Company and the Bondholder, among others, entered into a supplemental agreement to the Settlement Agreement (the "Supplemental Settlement Agreement"), pursuant to which the Bondholder has agreed, among others, to conditionally withdraw the Petition and withhold taking any further litigation or claims against the Company in respect of the Default. Pursuant to the Supplemental Settlement Agreement, the Company will settle the outstanding redemption amount of the Convertible Bonds (which amounted to US$51,230,000 as at the date of the Supplemental Settlement Agreement) by repaying the Bondholder (i) US$5,000,000 in cash in 10 quarterly instalments of US$500,000 with the first instalment to be paid within 7 business days from the date the High Court of Hong Kong grant an order for the withdrawal of the Petition; and (ii) the remaining balance of US$46,230,000 and all accumulated interest (calculated at an interest rate of 8% per annum), both to be paid in cash in one lump sum on 31 December 2024. The withdrawal of the Petition is further conditional upon, among others, the Company having delivered security documents for the pledge/mortgage over certain assets of the Group in favour of the Bondholder as security for the Company's performance of its repayment obligations under the Settlement Agreement (as supplemented by the Supplemental Settlement Agreement). Please refer to the announcement of the Company dated 29 June 2022 for further details.

As disclosed in the announcement of the Company dated 15 July 2022, pursuant to the Supplemental Settlement Agreement, the Petitioner and the Company have executed and filed a consent summons to the High Court of Hong Kong for the withdrawal of the Petition. On 15 July 2022, the Company received the order of the High Court of Hong Kong dated 14 July 2022 which ordered, among other things, that the Petition be withdrawn.

As disclosed in the inside information announcement dated 31 March 2023, the Company has not repaid to the Bondholder the fourth quarterly instalment of US$500,000 due on 31 March 2023. The Company and the Bondholder have made further arrangements in relation to the settlement of the unpaid instalment and the US$500,000 was fully repaid in 3 instalments on and before 15 June 2023.

Liquidity, financial resources, capital structure and gearing ratio

As at 30 September 2023, the Group's cash and cash equivalents amounted to approximately US$2.0 million (as at 31 March 2023: approximately US$2.0 million), of which approximately 97.4% were denominated in US$, approximately 2.6% were denominated in HK$ and the amount denominated in RMB were insignificant. Outstanding bank borrowings amounted to approximately US$10.7 million (as at 31 March 2023: approximately US$11.4 million) and other loans (including convertible bonds) amounted to approximately US$62.2 million (as at 31 March 2023: approximately US$60.8 million), of which 99.2% were denominated in US$ and 0.8% were denominated in HK$.

As at 30 September 2023 and 31 March 2023, the Group had a gearing ratio (being bank borrowings and other borrowings (including convertible bonds) of the Group divided by the total assets of the Group) of about 58.8% and 54.3% respectively. The change in gearing ratio as at 30 September 2023 was mainly due to the following factors: (i) the decrease in value of assets denominated in Renminbi, including investment properties, due to depreciation in Renminbi versus US dollar; (ii) the impairment of vessels owned by the Group; and (iii) the repayment of borrowings and loans during the period.

The Group recorded net current liabilities of about US$71.5 million as at 30 September 2023 and approximately US$70.4 million as at 31 March 2023. It was mainly due to the decrease in trade receivables, the accrual of interest for Top Build Convertible Bonds and the repayment of bank borrowings during the period.

On 30 April 2021, United Edge Holdings Limited and Way Ocean Shipping Limited, each being a wholly-owned subsidiary of the Company, have entered into the GH GLORY/HARMONY Loan. The principal amount of the GH GLORY/HARMONY Loan shall be repaid by quarterly instalments commencing 30 June 2021. The GH GLORY/HARMONY Loan is also subject to compliance of certain restrictive financial undertakings which the Group will continue to monitor.

A breach of the restrictive financial undertakings requirements will constitute an event of default under the loan agreement, and as a result, the facility is liable to be declared immediately due and payable. The occurrence of such circumstance may trigger the cross default provisions of other banking or credit facilities available to the Group and, as a possible consequence, these other facilities may also be declared to be immediately due and payable. This event of the Default also resulted in cross-default of the GH GLORY/HARMONY Loan.

The management maintains continuous relationship with the banks and financial institutions and the Directors are of the opinion that bank borrowings and loan from financial institutions will continue to be available to the Group for the next twelve months from 30 September 2023.

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, a controlling shareholder of the Company (as defined in the Listing Rules), on 19 January 2017, 12 April 2017, 15 January 2018, 17 April 2019, 28 February 2020 and 23 June 2020 for six loan facilities (collectively, the "Facilities") in the amounts 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 Sixth Facility were extended on 30 March 2023.

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. As at 30 September 2023, US$2.0 million of the loan amount had been drawn down by the Company under the Sixth Facility.

The First Facility will be repayable on an extended repayment date which is on or before 30 June 2026, the Second Facility will be repayable on an extended repayment date which is on or before 30 June 2026 and the Sixth Facility will be repayable on or before 30 June 2026. These loan facilities are unsecured and carry an interest of 4% per annum. As at the date of this report, the drawn amount under the Third Facility, the Fourth Facility and the Fifth Facility have been repaid in full and US$1,750,000 of the Sixth Facility has been repaid. The drawn amount under the First Facility and the Second Facility had not been repaid. The disinterested members of the Board (including the independent non-executive Directors) consider that as each of the Facilities is on normal commercial terms or better and is not secured by assets of the Group, the receipt of financial assistance by the Group thereunder are fully exempt under Rule 14A.90 of the Listing Rules.

On 30 September 2023, the Company entered into a deed of funding undertakings. Ablaze Rich, Mr. Yan and Ms. Lam have undertaken to provide funding to the Group when funding notice shall be issued by the Company within twenty four months of the date of the deed. The undertakings shall cease to have effect after twenty four months from the date of the deed or upon the Company or any member of the Group having obtained long-term external bank borrowings or other sources of long-term financing with a principal amount of not less than US$30 million, whichever is the earlier. The deed of funding undertakings entered on 30 September 2022 was superseded by this deed, and had ceased to be effective from 30 September 2023. As at the date of this report, US$3,250,000 was obtained under the terms of the deed.

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.

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$ and HK$. 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 Secured Overnight Financing Rate or Hong Kong Dollars Best Lending Rate or cost of fund arising from the Group's variable-rate borrowings.

Bank borrowing 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 2023, the Group recorded outstanding bank loans of about US$10.7 million and all these loans carried interest at floating rate.

The GH GLORY/HARMONY Loan was entered into on 30 April 2021 for financing the acquisition costs of vessels of the Group and were secured by, inter alia, the following:

- 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; and
- Charges over shares of each of the Group companies holding those vessels.

The GH GLORY/HARMONY Loan was provided to the Group on the conditions that, inter alia, the investment vehicle(s) owned or controlled by Mr. Yan and Ms. Lam shall hold or control at least 30% shareholding interests in the Company.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Charges on assets

As at 30 September 2023, the Group had pledged the following assets to the Bondholder and a bank as securities against the convertible bonds and bank borrowing to the Group:

	30 September 2023 US$'000 (Unaudited)	31 March 2023 US$'000 (Audited)
Investment properties	32,563	34,002
Property, plant and equipment	41,128	44,766
Pledged bank deposits	530	516
	74,221	79,284

Material acquisitions and disposals

There were no material acquisitions or disposals of subsidiaries, associates or joint ventures for the six months ended 30 September 2023.

Significant investment

The Group did not have any significant investment which accounted for more than 5% of the Group's total assets as at 30 September 2023.

Future plans for material investments or capital assets

The Group did not have any future plans for material investments or capital assets as at the date of this report.

Contingent liabilities

There were no material contingent liabilities for the Group as at 30 September 2023.

Interim dividend

The Board does not recommend any interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2023.

Employees' remuneration and retirement scheme arrangements

As at 30 September 2023, the Group had a total of 103 employees (as at 30 September 2022: 97 employees). For the six months ended 30 September 2023, the total salaries and related costs (including Directors' fees) amounted to approximately US$2.8 million (as at 30 September 2022: US$3.0 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.

The Group operates defined contribution plans by paying contributions to pension insurance plans. The Group's contributions to such defined contribution plans vest fully and immediately with the employees. Accordingly, there are no forfeited contributions under such plans which may be used by the Group as employer to reduce its existing level of contributions for the six months ended 30 September 2023.

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

Ms. LAM Kwan (林群), aged 55, is the chairperson of the Board, the chief executive officer and an executive Director of the Company. She is one of the co-founders of the Group. Ms. Lam is the spouse of Mr. Yan, who is also one of the controlling shareholders of the Company (as defined under the Listing Rules) and has an interest in such number of Shares as disclosed in the section headed "Corporate Governance and Other Information – Directors' and Chief Executive's interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporation" of this report. Ms. Lam is primarily responsible for the Group's day-to-day management and overall business operations as well as its finance and administrative management. She is also a director of each of the subsidiaries of the Company. Ms. Lam has extensive experience in the marine transportation industry. Ms. Lam is currently a director of Adex Mining Inc. (TSXV stock code: ADE), a company listed on the TSX Venture Exchange in Canada. She was an executive director of HS Optimus Holdings Limited (formerly known as KLW Holdings Limited) (SGX stock code: 504), a company listed on Singapore Exchange Securities Trading Limited from August 2016 to July 2021. She has been appointed as chairman of Pok Oi Hospital from April 2022 to March 2023 and she has been appointed as permanent adviser of Pok Oi Hospital since 1 April 2023. She is currently a director of the Hong Kong Energy, Mining and Commodities Association, an honorary director of Hong Kong Baptist University Foundation, and a fellow of the Hong Kong Institute of Directors. She graduated from Dongbei University of Finance & 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 along with Ms. Lam herself 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 Executive's interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporation" of this report.

Mr. PAN Zhongshan (潘忠善), aged 58, has been serving as an executive Director of the Company since 28 April 2023. Mr. PAN is responsible for the operation management of the Group's shipping business since January 2022. Mr. PAN has 36 years of experience in the maritime industry. Mr. PAN graduated from Dalian Maritime University* (大連海事大學) with a bachelor degree of ocean-going ship navigation* (航海系遠洋船舶駕駛專業). Before joining the Group, he had worked for China COSCO Shipping Corporation Limited in Qingdao Branch as third mate, second mate, chief mate and a captain of ocean-going vessels from 1986 to 2002. Mr. PAN had joined the Hong Kong Lihai International Shipping Limited as deputy general manager since 2002 and he had been appointed as managing director from 2006 to 2019. Mr. PAN 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 Executive's interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporation" of this report.

* For identification purposes only

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Mr. CHEUNG Kwan Hung (張鈞鴻), aged 71, 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 Hong Kong Institute of Certified Public Accountants. Mr. CHEUNG has extensive experience in accounting, finance, corporate management and investment banking, specialising in equity/debt fund raising, mergers and acquisitions and corporate and debt restructuring, as well as private financial consultancy work. Mr. CHEUNG was an independent non-executive director of a company listed on the Main Board of the Stock Exchange, namely NewOcean Energy Holdings Limited (stock code: 342) (in liquidation) from August 2001 to December 2021. Mr. CHEUNG was an independent non-executive director of Zhuoxin International Holdings Limited (stock code: 8266), a company previously listed on the GEM of the Stock Exchange, from October 2018 to January 2020. Mr. CHEUNG has also been appointed as independent non-executive director of Long Well International Holdings Limited (stock code: 850), a company previously listed on the Main Board of the Stock Exchange, from September 2004 to May 2021. 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 Executive's interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporation" of this report.

Dr. CHAN Chung Bun, Bunny (陳振彬), *GBM, GBS, JP*, aged 65, has been serving as an independent non-executive Director of the Company since September 2010. Dr. CHAN has extensive experience in commerce and is currently the chairman of Prospectful Holdings Limited. Dr. CHAN is active in community affairs in Hong Kong. Dr. CHAN was appointed as Justice of Peace in 2002 and was awarded the Bronze, Silver and Gold Bauhinia Star medals in 2004, 2009 and 2014 respectively, and the Grand Bauhinia Medal in 2021 by the government of Hong Kong. Dr. CHAN was conferred Doctor of Business Administration, honoris causa, in December 2013 by the Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong). Dr. CHAN is currently also an independent non-executive director of three other companies listed on the Main Board of the Stock Exchange, namely Li Ning Company Limited (stock code: 2331), Glorious Sun Enterprises Limited (stock code: 393) and MTR Corporation Limited (stock code: 66). Dr. CHAN was an independent non-executive director of Speedy Global Holdings Limited (stock code: 540) from December 2012 to January 2023. 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 Executive's interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporation" of this report.

Ms. WONG Tsui Yue, Lucy (黃翠瑜), aged 62, has been serving as an independent non-executive Director of the Company since 30 September 2022. Ms. WONG has extensive experience in commerce and accounting. Ms. WONG graduated with a Bachelor of Commerce and Administration from Victoria University of Wellington in New Zealand in May 1984 and further obtained a Master of Arts in Anthropology from the Chinese University of Hong Kong in November 2013. Ms. WONG has been a director of Advance Caterers Limited (formerly known as Hong Kong Catering Management Ltd.) since November 2009. She is a fellow member of the Hong Kong Institute of Certified Public Accountants and was formerly an associate member of the Institute of Chartered Accountants in Australia. Ms. WONG has over 20 years' experience working with companies listed on the Main Board of the Stock Exchange, including over 15 years as company secretary and over 10 years as finance director. Ms. WONG has also dedicated her time on women empowerment through her voluntary work for Zonta since 2003. Ms. WONG is not interested in any Shares within the meaning of Part XV of the SFO as at the date of this report.

Senior management

Mr. SZE Wing Kin Pierre (施永健), aged 47, has been the chief financial officer and company secretary of the Company since 30 December 2022. Mr. SZE is responsible for the corporate finance, investor relations, financial management and company secretarial matters of the company. Mr. SZE graduated from The Hong Kong University of Science and Technology with a Bachelor of Business Administration (Hons) in Professional Accounting in 1998. He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. SZE has extensive experience in corporate finance, investor relations, company secretarial, financial management, auditing, accounting, taxation, internal control, treasury and business advisory in Hong Kong and the PRC.

Prior to joining the Company, Mr. SZE has been the group chief financial officer of Great Harvest (Holdings) Limited, a conglomerate with investments in mining and steel industry, minerals trading, real estate development and big health industry since February 2022. Mr. SZE has also been appointed as a director of Adex Mining Inc. (TSXV stock code: ADE), a company listed on the TSX Venture Exchange in Canada since December 2022. Before then, Mr. SZE was the chief financial officer of a leading woodworking machinery manufacturer in the PRC from April 2019 to January 2022. Mr. SZE had also served as the corporate finance and investor relations director as well as company secretary and authorised representative of DreamEast Group Limited (stock code: 593), a company listed on the Main Board of the Stock Exchange from January 2016 to January 2019. Mr. SZE had been the chief financial officer, board secretary and company secretary of a pure play integrated gold company in the PRC focusing on exploration, mining, processing and smelting of gold from September 2011 to August 2015. Mr. SZE was the chief financial officer, qualified accountant and company secretary of SSY Group Limited (stock code: 2005), a company listed on the Main Board of the Stock Exchange from June 2008 to August 2011. Mr. SZE had worked for several international and local audit firms including KPMG, PricewaterhouseCoopers and Deloitte Touche Tohmatsu from September 1998 to June 2008.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 September 2023, 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 and Short Position 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 6)*
Ms. Lam	Interest of controlled corporation *(Note 2)*	645,435,000 (L)	–	67.75%
	Beneficial owner	11,370,000 (L)	–	1.19%
	Beneficial owner and interest of spouse *(Note 3)*	–	381,843,064 (S)	40.08%
Mr. PAN Zhongshan (appointed on 28 April 2023)	Beneficial owner	602,500 (L)	–	0.06%
Mr. CHEUNG Kwan Hung	Beneficial owner *(Note 4)*	–	800,000 (L)	0.08%
Dr. CHAN Chung Bun Bunny	Beneficial owner *(Note 5)*	–	800,000 (L)	0.08%

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 645,435,000 Shares were held as to 615,242,500 Shares by Ablaze Rich and as to 30,192,500 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.

(3) These 381,843,064 Shares represented the total number of Shares which may be allotted and issued to Sfund upon the exercise of the conversion rights attaching to the Top Build Convertible Bonds for the aggregate principal amount of US$54,000,000 at the initial conversion price of HK$1.096 per Share and the exchange rate of HK$7.75 to US$1.00. Mr. Yan and Ms. Lam have granted the put option in favour 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.

(4) On 30 April 2015, Mr. CHEUNG Kwan Hung was granted share options of the Company in respect of 800,000 Shares pursuant to the 2011 Share Option Scheme. All these share options remained outstanding as at 30 September 2023.

(5) 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 2011 Share Option Scheme. All these share options remained outstanding as at 30 September 2023.

(6) The percentage is calculated on the basis of 952,613,513 Shares in issue as at 30 September 2023.

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 (%)
Ms. Lam	Ablaze Rich	Beneficial owner	9,800 (L)	49.00%
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 2023, 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 and Short Positions in Shares and underlying Shares of the Company

As at 30 September 2023, 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 8)*
Ablaze Rich	Beneficial owner	615,242,500 (L)	–	64.58%
Mr. Yan	Interest of controlled corporation *(Note 2)*	615,242,500 (L)	–	64.58%
	Family interest *(Note 3)*	11,370,000 (L)	–	1.19%
	Family Interest *(Note 4)*	30,192,500 (L)	–	3.17%
	Beneficial owner and interest of spouse *(Note 5)*	–	381,843,064 (S)	40.08%
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 6)*	74,265,000 (L)	–	7.80%
Sfund	Beneficial owner *(Note 7)*	–	381,843,064 (S)	40.08%

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 in the Shares of the Company.

(2) These 615,242,500 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 of Mr. Yan and Ms. Lam was deemed to be interested in the Shares held by Ablaze Rich by virtue of the SFO.

(3) 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.

(4) These 30,192,500 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.

(5) These 381,843,064 Shares represented the total number of Shares which may be allotted and issued to Sfund upon the exercise of the conversion rights attaching to the Top Build Convertible Bonds for the aggregate principal amount of US$54,000,000 at the initial conversion price of HK$1.096 per Share and the exchange rate of HK$7.75 to US$1.00. Mr. Yan and Ms. Lam have granted the put option in favour 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.

(6) 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.

(7) Please refer to note 5 above in respect of these 381,843,064 Shares. 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 6 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.

(8) The percentage is calculated on the basis of 952,613,513 Shares in issue as at 30 September 2023.

Save as disclosed above, as at 30 September 2023, 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 purposes only

Share Option Scheme

The Company has previously adopted the 2011 Share Option Scheme on 19 August 2011, which has expired on 18 August 2021, being ten years from its commencement date. Accordingly, no further share options to subscribe for Shares may be granted or made under the 2011 Share Option Scheme from that date onwards. As at the date of this report, 1,850,000 share options were outstanding under the 2011 Share Option Scheme; the number of Shares available for issue under the 2011 Share Option Scheme was 1,850,000 Shares, representing approximately 0.2% of the issued Shares. For further details of the terms of the 2011 Share Option Scheme, please refer to the annual report of the Company for the year ended 31 March 2021.

The Company has adopted the 2021 Share Option Scheme on 18 August 2021 to enable the Group to grant share options to eligible participants as incentives or rewards for their contribution to the Group. A summary of the 2021 Share Option Scheme is set forth below.

Eligible participants of the 2021 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 design, 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; (i) any person seconded or nominated by the Group to represent the Group's interest in any of the Invested Entity or any other company or organisation; and (j) any company wholly owned by one or more eligible participants as referred to in (a) to (i) above.

The terms of the 2021 Share Option Scheme are in accordance with and subject to the provisions of Chapter 17 of the Listing Rules. Subject to the early termination of the 2021 Share Option Scheme in accordance with the rules thereof, the 2021 Share Option Scheme shall remain in force for a period of ten years commencing on 18 August 2021. As at the date of this report, the remaining life of the 2021 Share Option Scheme is approximately 8 years.

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 2021 Share Option Scheme and any other share option scheme of the Group shall not exceed 30% of the Shares in issue from time to time (the "Overriding Limit"). No share options may be granted under the 2021 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 2021 Share Option Scheme and any other share option scheme of the Group) to be granted under the 2021 Share Option Scheme and any share option scheme of the Group must not in aggregate exceed 95,261,351 Shares, representing 10% of the Shares in issue as at 18 August 2021 (i.e. the date on which the 2021 Share Option Scheme was adopted by the Company) and approximately 10% of the Shares in issue as at the date of this report (the "General Scheme Limit"). The General Scheme Limit is also subject to the Overriding Limit, the refreshment of the General Scheme Limit (as described below) and the grant of share options beyond the General Scheme Limit (as described below).

Subject to the Overriding Limit and the grant of share options beyond the General Scheme Limit (as described below), the Company may refresh the General Scheme Limit at any time subject to shareholders' approval by ordinary resolution at a general meeting, and the General Scheme Limit as "refreshed" must not exceed 10% of the Shares in issue as at the date of the aforesaid shareholders' approval and for the purpose of calculating the "refreshed" limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the 2021 Share Option Scheme and any other share option scheme of the Group) previously granted under the 2021 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 2021 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.

If the Company conducts a share consolidation or subdivision, the maximum number of Shares that may be issued upon exercise of all share options to be granted under the 2021 Share Option Scheme and any other share option scheme of the Group under the General Scheme Limit as a percentage of the total number of issued Shares as at the date immediately before and after such consolidation or subdivision (i.e. 10% of the Shares in issue) shall be the same.

The total number of Shares issued and which may fall to be issued upon the exercise of options granted under the 2021 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 Shares in issue 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 proposed grantee, his associates and all core connected persons (as defined in the Listing Rules) of the Company must abstain from voting in favour at such general meeting.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 (i.e. the vesting period).

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.

No share option has been granted under the 2021 Share Option Scheme since its commencement date (i.e. 18 August 2021) and up to 30 September 2023. As at 1 April 2023 and 30 September 2023, the number of options available for grant under the 2021 Share Option Scheme was 95,261,351 Shares, as at the respective dates.

The Company is aware that under the new rule 17.03A of the Listing Rules which came into effect on 1 January 2023, participants of share schemes shall only comprise of employee participants, related entity participants and service providers (as defined in the Listing Rules). The Company will only grant the share options under the 2021 Share Option Scheme to eligible participants in compliance with the new rule 17.03A and pursuant to the transitional arrangements for share schemes existing as at 1 January 2023 as specified by the Stock Exchange.

During the six months ended 30 September 2023, movements of the share options granted under the 2011 Share Option Scheme are summarised as follows:

List of grantees	Date of grant *(Note 1)*	Exercisable period	Closing price per Share immediately before the date of grant HK$	Exercisable price per share HK$	Number of share options: Outstanding as at 1 April 2023	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 September 2023
Directors										
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
Sub-total					1,600,000	–	–	–	–	1,600,000
Others *(Note 2)*	30 April 2015	30 April 2015 – 29 April 2025	$1.15	$1.20	250,000	–	–	–	–	250,000
Sub-total					250,000	–	–	–	–	250,000
Total					1,850,000	–	–	–	–	1,850,000

Notes:

(1) The share options granted were vested on the date of grant.

(2) This represents Ms. TSANG Sze Wing, a grantee who was a consultant of the Group and have provided accounting consultancy services.

Change in information of Directors

In accordance with Rule 13.51B(1) of the Listing Rules, changes of the information of the Directors required to be disclosed are set out below:

Ms. ZHAO Lihong ceased to be an executive Director and the general manager of Hong Kong Dedao International Group Limited (香港得到國際集團有限公司), an indirect wholly-owned subsidiary of the Company, with effect from 28 April 2023.

Mr. PAN Zhongshan has been appointed as an executive Director with effect from 28 April 2023.

On 8 December 2023, Ms. Lam entered into a supplemental employment contract (the "Supplemental Agreement") to her employment contract dated 1 August 2010 with Union Apex, a direct wholly-owned subsidiary of the Company. Pursuant to the Supplemental Agreement, Ms. Lam was entitled to (i) a fixed monthly salary of HK$150,000 per month for each month of the term of her appointment as a Director; (ii) a year-end discretionary bonus for a fixed sum equivalent to her salary at the time of payment of such bonus for one month; and (iii) the use of a staff quarter in Hong Kong commensurate with her rank and position in respect of which Union Apex shall be responsible for paying rental and utility charges.

Save as disclosed above, there is no other change in information regarding the Directors or chief executives of the Company that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Compliance with the CG Code

The Company has adopted the principles and code provisions set out in the CG Code. The Board also reviews and monitors the practices of the Company from time to time with an aim to maintain and improve the Company's standards of corporate governance practices.

CORPORATE GOVERNANCE AND OTHER INFORMATION

During the six months ended 30 September 2023, the Company has complied with the CG Code except for the deviation as described below:

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Lam is the chairperson and chief executive officer of the Company. In view of Ms. Lam is one of the co-founders of the Company and has been operating and managing the Group since 2010, the Board considered that the roles of chairperson and chief executive officer being performed by Ms. Lam enables more effective overall business planning and implementation by the Group. In order to maintain good corporate governance and fully comply with the provisions of the CG Code, the Board will regularly review the need to appoint different individuals to perform the roles of chairperson and chief executive officer separately.

Save as disclosed above, the Company had complied with all the code provisions set out in the CG Code during the six months ended 30 September 2023.

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 2023.

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
LAM Kwan
Chairperson

Hong Kong, 29 November 2023

AUDIT COMMITTEE REPORT

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2023, which has also been reviewed by the Group's auditor, CL Partners CPA Limited, 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.

Members of the Audit Committee
Mr. CHEUNG Kwan Hung *(Chairperson)*
Dr. CHAN Chung Bun Bunny
Ms. WONG Tsui Yue Lucy

Hong Kong, 29 November 2023

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CCL Partners

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF GREAT HARVEST MAETA HOLDINGS LIMITED
(incorporated in Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Great Harvest Maeta Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 38 to 76, which comprise the condensed consolidated statement of financial position as at 30 September 2023, and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, 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 ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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 these condensed consolidated financial statements 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Other Matter

The comparative condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period ended 30 September 2022 and the relevant explanatory notes included in these condensed consolidated interim financial statements were extracted from the interim financial information of the Group for the six-month period ended 30 September 2022 reviewed by another auditor who expressed an unmodified conclusion on that interim financial information on 25 November 2022.

The comparative condensed consolidated statement of financial position as at 31 March 2023 and the relevant explanatory notes included in these condensed consolidated interim financial statements were extracted from the consolidated financial statements of the Group for the year ended 31 March 2023 audited by the same auditor who expressed an unmodified opinion on those consolidated financial statements on 29 June 2023.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the condensed consolidated financial statements which states that the Group's current liabilities exceeded its current assets by approximately US$71,508,000 as at 30 September 2023, which included borrowings and loans of US$10,232,000 repayable within one year, while the Group's cash and cash equivalents balance was US$1,995,000.

The Group is undertaking a number of financing plans and other measures as described in Note 2.1 to the condensed consolidated financial statements in order to ensure that the Group is able to meet its commitments in the next twelve months from the date of approval of these condensed consolidated financial statements for issuance. The directors of the Company are of the opinion that based on the assumptions that these financing plans and other measures can be successfully executed, the Group will have sufficient working capital to finance its operations and to pay its financial obligations as and when they fall due in the next twelve months from the date of approval of these condensed consolidated financial statements for issuance. However, the likelihood of successful implementation of these financing plans and other measures, as set forth in Note 2.1 to the condensed consolidated financial statements, show that the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

CL Partners CPA Limited
Certified Public Accountants

Hong Kong
29 November 2023

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Six Months ended 30 September 2023

	NOTES	Six months ended 30 September 2023 US$'000 (Unaudited)	 2022 US$'000 (Unaudited)
Revenue	5	**6,639**	10,790
Cost of services	8	**(6,857)**	(8,194)
Gross (loss)/profit		**(218)**	2,596
Other gains	6	**5**	2,588
Other income	7	**95**	91
General and administrative expenses	8	**(1,281)**	(1,438)
Impairment losses on property, plant and equipment	13	**(2,644)**	(670)
Operating (loss)/profit		**(4,043)**	3,167
Finance income	9	**19**	5
Finance costs	9	**(2,661)**	(1,721)
Finance costs – net		**(2,642)**	(1,716)
(Loss)/profit before income tax		**(6,685)**	1,451
Income tax expense	10	**–**	(4)
(Loss)/profit for the period		**(6,685)**	1,447
(Loss)/profit attributable to:			
Owners of the Company		**(6,679)**	1,455
Non-controlling interest		**(6)**	(8)
		(6,685)	1,447
Other comprehensive expense for the period			
Item that may be reclassified subsequently to profit or loss			
Currency translation differences		**(2,014)**	(5,399)
Total comprehensive expense for the period		**(8,699)**	(3,952)
Total comprehensive expense attributable to:			
Owners of the Company		**(8,512)**	(3,458)
Non-controlling interest		**(187)**	(494)
		(8,699)	(3,952)
(Loss)/earnings per share attributable to owners of the Company			
Basic (loss)/earnings per share	11	**(US0.70 cents)**	US0.153 cents
Diluted (loss)/earnings per share	11	**(US0.70 cents)**	US0.002 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	NOTES	30 September 2023 US$'000 (Unaudited)	31 March 2023 US$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	13	**49,852**	55,175
Investment properties	14	**67,664**	70,655
Right-of-use assets	13A	**210**	285
Pledged bank deposits		**530**	516
		118,256	126,631
Current assets			
Trade receivables, deposits, prepayments and other receivables	15	**3,653**	4,320
Cash and cash equivalents		**1,995**	2,041
		5,648	6,361
Total assets		**123,904**	132,992
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	**1,221**	1,221
Reserves	17	**16,777**	25,289
		17,998	26,510
Non-controlling interest		**4,040**	4,227
Total equity		**22,038**	30,737

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	NOTES	30 September 2023 US$'000 (Unaudited)	31 March 2023 US$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings and loans	18	**8,518**	8,533
Lease liabilities	13A	**64**	127
Deferred income tax liabilities	19	**16,128**	16,851
		24,710	25,511
Current liabilities			
Other payables and accruals	21	**12,642**	12,913
Borrowings and loans	18	**10,232**	10,913
Convertible bonds	20	**54,129**	52,739
Lease liabilities	13A	**150**	174
Tax payables		**3**	5
		77,156	76,744
Total liabilities		**101,866**	102,255
Total equity and liabilities		**123,904**	132,992

The condensed consolidated financial statements on pages 38 to 76 were approved by the Board of Directors on 29 November 2023 and were signed on its behalf by:

Lam Kwan
Director

Pan Zhongshan
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months ended 30 September 2023

	Attributable to owners of the Company										
	Share capital US$'000	Share premium US$'000	Convertible bonds reserve US$'000	Share option reserve US$'000	Merger reserve *(Note 17(a))* US$'000	Other reserves *(Note 17(b))* US$'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 2023 (audited)	1,221	54,684	38,954	116	(63,808)	13,636	(4,212)	(14,081)	26,510	4,227	30,737
Comprehensive expense											
Loss for the period	–	–	–	–	–	–	–	(6,679)	(6,679)	(6)	(6,685)
Other comprehensive expense											
Currency translation differences	–	–	–	–	–	–	(1,833)	–	(1,833)	(181)	(2,014)
Total comprehensive expense	–	–	–	–	–	–	(1,833)	(6,679)	(8,512)	(187)	(8,699)
Balance at 30 September 2023 (unaudited)	1,221	54,684	38,954	116	(63,808)	13,636	(6,045)	(20,760)	17,998	4,040	22,038

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months ended 30 September 2023

	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 *(Note 17(a))* US$'000	Other reserves *(Note 17(b))* US$'000	Exchange reserve US$'000	Retained earning US$'000	Total US$'000	Non-controlling interest US$'000	Total equity US$'000
Balance at 1 April 2022 (audited)	1,221	54,684	38,954	281	(63,808)	13,636	(673)	2,847	47,142	4,594	51,736
Comprehensive income/(expense)											
Profit/(loss) for the period	–	–	–	–	–	–	–	1,455	1,455	(8)	1,447
Other comprehensive expense											
Currency translation differences	–	–	–	–	–	–	(4,913)	–	(4,913)	(486)	(5,399)
Total comprehensive (expense)/income	–	–	–	–	–	–	(4,913)	1,455	(3,458)	(494)	(3,952)
Lapse of share options	–	–	–	(165)	–	–	–	165	–	–	–
Balance at 30 September 2022 (unaudited)	1,221	54,684	38,954	116	(63,808)	13,636	(5,586)	4,467	43,684	4,100	47,784

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six Months ended 30 September 2023

	Six months ended 30 September	
	2023	2022
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
(Loss)/profit before tax	**(6,685)**	1,451
Adjustments for:		
Finance costs	**2,661**	1,721
Finance income	**(19)**	(5)
Gain on modification of convertible bonds	**–**	(2,588)
Gain on disposal of property, plant and equipment	**(5)**	–
Depreciation of property, plant and equipment	**2,679**	3,360
Depreciation of right-of-use assets	**75**	–
Impairment losses on property, plant and equipment	**2,644**	670
Operating cash flows before movements in working capital	**1,350**	4,609
Decrease in trade receivables, deposits, prepayments and other receivables	**645**	345
Increase in other payables and accruals	**155**	229
Cash generated from operations	**2,150**	5,183
Income tax paid	**(1)**	(2)
Net cash generated from operating activities	**2,149**	5,181
Cash flows from investing activities		
Purchase of property, plant and equipment	**–**	(1,648)
Purchase of investment properties	**(41)**	–
Proceed from disposal of property, plant and equipment	**5**	–
Interest received	**19**	5
Net cash used in investing activities	**(17)**	(1,643)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six Months ended 30 September 2023

	Six months ended 30 September	
	2023	2022
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
Repayments of bank borrowings	**(730)**	(723)
Repayments of loan from a financial institution	**–**	(500)
Repayments of lease liabilities	**(87)**	–
Interest paid	**(537)**	(407)
Redemption of convertible bonds	**(600)**	(1,000)
Repayments of loan from the ultimate holding company	**(100)**	(950)
Increase in pledged bank deposits	**(14)**	(263)
Net cash used in financing activities	**(2,068)**	(3,843)
Net increase/(decrease) in cash and cash equivalents	**64**	(305)
Cash and cash equivalents at beginning of period	**2,041**	2,688
Exchange loss on cash and cash equivalents	**(110)**	–
Cash and cash equivalents at end of period	**1,995**	2,383

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Great Harvest Maeta Holdings Limited 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. Its parent is Ablaze Rich Investments Limited ("Ablaze Rich") (incorporated in British Virgin Islands) and the ultimate controlling parties are Mr. Yan Kim Po ("Mr. Yan") and Ms. Lam Kwan ("Ms. Lam").

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.

These condensed consolidated financial statements are presented in United States dollars ("US$") which is also the functional currency of the Company and rounded to nearest thousand US$, unless otherwise stated.

2. Basis of preparation

These condensed consolidated financial statements of the Group for the six months ended 30 September 2023 have 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") and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The condensed consolidated financial statements do not include all the notes of the type normally included in an annual consolidated financial statements. Accordingly, the condensed consolidated financial statements are to be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2023 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and any public announcements made by the Company during the interim reporting period.

The preparation of condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

2. Basis of preparation (Continued)

2.1 Going concern basis

Pursuant to the Supplemental Settlement Agreement (as defined in Note 20), the Company shall settle the outstanding redemption amount of the convertible bonds (which amounted to US$51,230,000 as at the date of the Supplemental Settlement Agreement) by repaying the bondholder (i) US$5,000,000 in cash in 10 quarterly instalments of US$500,000 each; and (ii) the remaining balance of US$46,230,000 and all accumulated interest, both to be paid in cash in one lump sum on 31 December 2024. The Company has made repayment to bondholder for first three quarterly instalments of a total of US$1,500,000. However, the Company has not repaid to the bondholder the fourth quarterly instalment which was due on 31 March 2023. It resulted in convertible bonds with an amount of US$2,500,000 with original contractual repayment dates of within one year and amount of US$50,239,000 with original contractual repayment dates after one year from 31 March 2023, that would become immediately repayable in accordance with the relevant Supplemental Settlement Agreement.

On 8 May 2023, the bondholder issued a consent letter to the Company pursuant to which the Company shall repay the outstanding payments of the Supplemental Settlement Agreement in three instalments whereby (i) US$100,000 before 30 April 2023; (ii) US$200,000 before 31 May 2023; and (iii) US$200,000 before 15 June 2023. During the six months ended 30 September 2023, all the above said instalments have been repaid as scheduled and accordingly, the management of the Company considered that the event of the delay payment of the fourth quarterly instalment under the Supplemental Settlement Agreement is remediated.

On 3 July 2023, the bondholder acknowledged receipt of the Company's payment of US$100,000 made on 30 June 2023 being partial payment of the fifth quarterly instalment due on 30 June 2023.

On 22 November 2023, the bondholder confirmed to the Company that the Company shall repay (i) the remaining balance of US$400,000 of the fifth quarterly instalment before 31 December 2023; and (ii) the sixth quarterly instalment of US$500,000 (due on 30 September 2023) on or before 31 December 2023.

In addition, the default of convertible bonds on 10 May 2021 has triggered the cross default clauses in the loan agreements for bank borrowings of US$10,129,000 (31 March 2023: US$10,812,000) in which out of the above said borrowings, US$8,740,000 (31 March 2023: US$9,420,000) shall be repayable after one year in accordance with original repayment terms. Such cross-defaults may cause the relevant borrowings to become immediately due and payable should the relevant lenders exercise their rights under the loan agreements.

In light of the above, reclassification of long-term borrowings of US$59,969,000 (31 March 2023: US$59,659,000) as current liabilities is required at 30 September 2023 under applicable accounting standards.

2. Basis of preparation (Continued)

2.1 Going concern basis (Continued)

As at 30 September 2023, the Group's current liabilities exceeded its current assets by approximately US$71,508,000 while the Group's cash and cash equivalents balance was approximately US$1,995,000. In addition, the Group has entered into agreements which will involve capital commitments of approximately US$247,000 in respect of investment properties project as at 30 September 2023.

As the financial resources available to the Group as at 30 September 2023 and up to the date of approval of these condensed consolidated financial statements for issuance may not be sufficient to satisfy operating and financing requirements together with the payment of capital expenditure when they fall due, the Group is actively pursuing additional financing including, but not limited to, debt financing and bank borrowings.

In view of such circumstances, certain measures have been taken by the Group to improve their liquidity position, which include:

(i) Financing through ultimate holding company

On 30 September 2023, the Company entered into a deed of funding undertakings that Ablaze Rich, Mr. Yan and Ms. Lam have undertaken to provide funding to the Group when funding notice issue by the Company within twenty four months of the date of the deed. The undertakings shall cease to have effect after twenty four months from the date of the deed or upon the Company or any member of the Group having obtained long-term external bank borrowings or other sources of long-term financing with a principal amount of not less than US$30,000,000, whichever is the earlier. As at 30 September 2023, US$3,750,000 was obtained under the terms of the deed.

In addition, Ablaze Rich granted a loan amounting to US$3,000,000 in 2017 which is still outstanding as at 30 September 2023.

On 30 March 2023, Ablaze Rich extended the maturity of all these outstanding principal balance, together with related interest payable balance, to 30 June 2026 with other major terms and conditions remaining unchanged.

(ii) Financing through banks and capital market

The Group is actively seeking for other alternative financing and bank borrowings, to finance the settlement of its existing financial obligations and future operating and capital expenditures. Additionally, the Group is planning to raise funds through the capital market, such as placement or issue of corporate bonds and/or other sources, and to negotiate with the bondholder on alternative plan to finance the settlement of the outstanding redemption amount of the convertible bonds, negotiation with potential investor(s) which is ongoing as at the date of this report.

2. Basis of preparation (Continued)

2.1 Going concern basis (Continued)

(ii) Financing through banks and capital market (Continued)

The Group will also continue to negotiate with relevant bank to waive their rights arising from the events of cross-default. The directors are confident that agreements with the bank will be reached in due course. Up to the date of approval of these condensed consolidated financial statements, the Group has not received any formal demand letters from the relevant financial institutions. Management is confident that the bank is not likely to enforce their rights of requesting for immediate repayment of the outstanding loans as such loans were fully secured by the Group's vessels and pledged deposits.

(iii) Enhancement of operation of chartering business

The Group continues its efforts to enhance its operation of chartering of dry bulk vessels to improve its cash flow from operations, and further control capital and operating expenditures to strengthen its working capital and mitigate the potential market fluctuation.

The directors of the Company have reviewed the Group's cash flow projection for the coming twelve months, and taking into account the successful implementation of measures of the Group as described above, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its cash flow requirements in the next twelve months. The directors of the Company are satisfied that it is appropriate to prepare these condensed consolidated financial statements on a going concern basis.

Notwithstanding the above, material uncertainties exist as to whether the Group can achieve the plans and measures described above to generate adequate cash inflow as scheduled. The sufficiency of the Group's working capital to satisfy its present requirements for at least the next twelve months from the date of approval of these condensed consolidated financial statements for issuance is dependent on the followings:

(i) Whether the Group can raise sufficient funds through capital market or from other sources to finance the settlement of the remaining principal amount and interest of the convertible bonds in accordance with the Supplemental Settlement Agreement and the bondholder will not enforce their rights of requesting any additional charges under circumstance as stated in the agreement;

(ii) Whether the Group can successfully negotiate with the relevant bank to waive their rights arising from the events of cross-default that the bank will not enforce their rights of requesting for immediate repayment of the outstanding borrowings and the Group's ongoing compliance with covenants under relevant borrowing agreements;

(iii) Whether the ultimate holding company will be able to provide further funding to the Group under the above deed of funding undertakings, as and when needed, to meet the Group's working capital and scheduled loan repayments;

2. Basis of preparation (Continued)

2.1 Going concern basis (Continued)

(iv) Whether the Group can successfully improve its operation of chartering of dry bulk vessels under market fluctuation and further control capital and operating expenditures and generate sufficient operating cash inflow; and

(v) Whether the Group can successfully renew its borrowings upon expiries and/or obtain additional sources of financing or bank borrowings or adequate cash proceeds generated from assets realization as and when needed.

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

3. Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2023.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning 1 April 2023:

HKFRS 17 and related amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of the new and amendments to HKFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. Financial risk management

4.1 Categories of financial instruments

	30 September 2023 US$'000 (Unaudited)	31 March 2023 US$'000 (Audited)
Financial assets		
Financial assets at amortised cost	5,996	6,631
Financial liabilities		
Financial liabilities at amortised cost	84,718	84,488

4.2 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and 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 financial statements does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 March 2023.

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

(a) Cash flow and fair value interest rate risk

The Group is exposed to fair value interest rate risk arising from loan from the ultimate holding company (Note 18) and convertible bonds (Note 20). The Group is also exposed to cash flow interest risk arising from floating rate bank borrowings (Note 18), net-off by bank deposits.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuations of London Interbank Offered rate ("LIBOR"), Secured Overnight Financing Rate ("SOFR") and Hong Kong Dollars Best Lending Rate ("Prime Rate") arising from the Group's variable-rate bank borrowings.

Except for the loan from the ultimate holding company bearing a fixed interest rate at 4% per annum, convertible bonds bearing a fixed interest rate at 8% per annum and bank borrowings bearing floating interest rates, the Group has no significant interest-bearing assets and liabilities.

4. Financial risk management (Continued)

4.2 Financial risk factors (Continued)

(a) Cash flow and fair value interest rate risk (Continued)

The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. Sensitivity analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole period.

As at 30 September 2023, if interest rates on bank borrowings had been increased/decreased by 190 (31 March 2023: 190) basis points with all other variables held constant, the Group's post-tax loss for the period would have been decreased/increased by US$203,000 (year ended 31 March 2023: US$217,000), mainly as a result of fluctuation on interest expense on variable rate bank borrowings.

(b) Liquidity risk

The amount of net current liabilities of the Group is approximately US$71,508,000 as at 30 September 2023, which causes the Group in significant liquidity risk. At the end of the reporting period, the Group has taken appropriate measures as set out in Note 2.1 to mitigate such liquidity risk.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of other borrowings and unsecured borrowings from the ultimate holding company and ensures compliance with loan covenants, if any.

Liquidity risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates except, as at 30 September 2023, as a result of events described in Note 2.1, bank borrowings amounted to US$8,740,000 and convertible bonds amounted to US$54,129,000 (31 March 2023: bank borrowings amounted to US$9,420,000 and convertible bonds amounted to US$52,739,000) are included in the "on demand or less than 1 year" time band in the maturity analysis below.

4. Financial risk management (Continued)

4.2 Financial risk factors (Continued)

(b) Liquidity risk (Continued)

Liquidity risk tables (Continued)

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	On demand or less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000	Total undiscounted cash flows US$'000	Carrying amount US$'000
As at 30 September 2023 (unaudited)						
Borrowings and loans	**10,251**	**121**	**9,145**	**31**	**19,548**	**18,750**
Convertible bonds	**54,129**	**–**	**–**	**–**	**54,129**	**54,129**
Other payables and accruals	**11,839**	**–**	**–**	**–**	**11,839**	**11,839**
	76,219	**121**	**9,145**	**31**	**85,516**	**84,718**
Lease liabilities	**153**	**64**	**–**	**–**	**217**	**214**
As at 31 March 2023 (audited)						
Borrowings and loans	10,933	121	9,268	78	20,400	19,446
Convertible bonds	52,739	–	–	–	52,739	52,739
Other payables and accruals	12,303	–	–	–	12,303	12,303
	75,975	121	9,268	78	85,442	84,488
Lease liabilities	179	128	–	–	307	301

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

4. Financial risk management (Continued)

4.3 Fair value estimation

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

The fair values of the bank borrowings as at 30 September 2023 approximate their carrying amount as they bear interest at floating rates that are market dependent.

5. Revenue and segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker ("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 CODM 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 financial statements.

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 financial statements. No analysis of segment liabilities is presented as it is not regularly provided to the executive directors.

5. Revenue and segment information (Continued)

(a) Segment revenue, results and other information

	Chartering of vessels US$'000	Property investment and development US$'000	Unallocated US$'000	Total US$'000
Six months ended 30 September 2023 (unaudited)				
Revenue recognised over-time	6,639	–	–	6,639
Depreciation of property, plant and equipment	(2,679)	–	–	(2,679)
Impairment losses on property, plant and equipment	(2,644)	–	–	(2,644)
Finance costs	(534)	(1,990)	(137)	(2,661)
Segment loss before income tax	(4,248)	(2,059)	(378)	(6,685)
Income tax expense				–
Loss for the period				(6,685)

5. Revenue and segment information (Continued)

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

	Chartering of vessels US$'000	Property investment and development US$'000	Unallocated US$'000	Total US$'000
Six months ended 30 September 2022 (unaudited)				
Revenue recognised over-time	10,790	–	–	10,790
Depreciation of property, plant and equipment	(3,359)	(1)	–	(3,360)
Impairment losses on property, plant and equipment	(670)	–	–	(670)
Gain on modification of convertible bonds	–	2,588	–	2,588
Finance costs	(410)	(1,158)	(153)	(1,721)
Segment profit/(loss) before income tax	915	1,335	(799)	1,451
Income tax expense				(4)
Profit for the period				1,447

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss)/profit represents the (loss from)/profit earned by each segment without allocation of central general and administrative expenses and certain finance costs. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

5. Revenue and segment information (Continued)

(b) Segment assets

	Chartering of vessels US$'000	Property investment and development US$'000	Unallocated US$'000	Total US$'000
As at 30 September 2023 (unaudited)				
Segment assets	**55,709**	**68,163**	**32**	**123,904**
As at 31 March 2023 (audited)				
Segment assets	61,690	71,221	81	132,992

All assets are allocated to operating segments other than certain deposits, prepayments, other receivables and certain cash and cash equivalents as these assets are managed on group basis.

(c) Revenue from major services

During the six months ended 30 September 2023 and 2022, revenue represents hire income under time charter arising from the Group's owned vessels. Hire income under time charter is accounted for as operating lease and is recognised on a straight-line basis over the period of each time charter contract.

(d) Geographical information

Due to the nature of the provision of vessels chartering services, which are carried out internationally, the directors consider that it is not meaningful to provide the revenue information by geographical segment. For property investment and development business, the investment properties are still under development. Accordingly, geographical segment revenue is not presented. Information about the Group's non-current assets (other than chartering of vessels) is presented based on the geographical location of the assets.

	30 September 2023 US$'000 (Unaudited)	31 March 2023 US$'000 (Audited)
The People's Republic of China ("The PRC")	**67,664**	70,655

6. Other gains

	Six months ended 30 September	
	2023	2022
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment	**5**	–
Gain on modification of convertible bonds *(Note 20)*	**–**	2,588
Total	**5**	2,588

7. Other income

	Six months ended 30 September	
	2023	2022
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Sundry income	**95**	91

8. Expenses by nature

(Loss)/profit before income tax is stated after charging the following:

	Six months ended 30 September	
	2023	2022
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment *(Note 13)*	**2,679**	3,360
Depreciation of right-of-use assets *(Note 13A)*	**75**	–
Crew expenses (included in cost of services)	**1,968**	2,325
Short-term operating lease payments for land and buildings	**–**	114
Employee benefit expenses (including directors' emoluments)		
Fee, salaries and other benefit costs	**779**	631
Post-employment benefit – defined contribution plans	**17**	13

9. Finance costs – net

	Six months ended 30 September	
	2023	2022
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Finance income		
Interest income	**19**	5
Finance costs		
Interest expense on borrowings and loans	**668**	562
Interest expense on convertible bonds – non-cash	**1,990**	1,159
Interest expense on lease liabilities	**3**	–
	2,661	1,721
Finance costs – net	**2,642**	1,716

10. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2022: same) on the estimated assessable profit for the six months ended 30 September 2023. The subsidiary established in the PRC is subject to corporate income tax rate of 25% (six months ended 30 September 2022: same). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	Six months ended 30 September	
	2023	2022
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Current income tax		
Hong Kong profits tax	**–**	4

11. (Loss)/earnings per share

The calculation of the basic and diluted (loss)/earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 September	
	2023	2022
	US$'000	US$'000
	(Unaudited)	(Unaudited)
(Loss)/earnings		
(Loss)/earnings for the purpose of basic (loss)/earnings per share	**(6,679)**	1,455
Effect of dilutive potential ordinary shares:		
Interest expense on convertible bonds	**–**	1,159
Gain on modification of convertible bonds	**–**	(2,588)
(Loss)/earnings for the purpose of diluted (loss)/earnings per share	**(6,679)**	26

	Six months ended 30 September	
	2023	2022
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	**952,614**	952,614
Effect of dilutive potential ordinary shares:		
Convertible bonds	**–**	381,843
Weighted average number of ordinary shares for the purposes of diluted (loss)/earnings per share	**952,614**	1,334,457

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. (Loss)/earnings per share (Continued)

The computation of diluted (loss)/earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the six months ended 30 September 2023 and 2022.

The computation of diluted loss per share for the six months ended 30 September 2023 does not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in a decrease in loss per share.

12. Dividends

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: same).

13. Property, plant and equipment

	2023 US$'000	2022 US$'000
Six months ended 30 September		
Opening net book value amount at 1 April (audited)	55,175	68,515
Addition	–	1,648
Depreciation	(2,679)	(3,360)
Impairment losses	(2,644)	(670)
Exchange difference	–	(1)
Closing net book value amount at 30 September (unaudited)	49,852	66,132

Depreciation expenses of approximately US$2,678,000 (six months ended 30 September 2022: US$3,359,000) has been charged in 'cost of services' and US$1,000 (six months ended 30 September 2022: US$1,000) in 'general and administrative expenses' respectively.

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

In assessing impairment loss, internal and external sources of information are considered in assessing the fair market value and value-in-use. The value-in-use of the vessels is assessed based on assumptions and estimates of vessels' future earnings and appropriate pre-tax discount rates to derive the present value of those earnings. The discount rates used to the value in use calculation on owned vessels are based on the industry sector risk premium relevant to the CGUs and the applicable gearing ratio of the CGUs.

13. Property, plant and equipment (Continued)

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of vessels:

Discount rate – The discount rate used is before tax and reflects specific risks in respect of the related vessels.

Growth rate – The growth rate is based on the estimated growth rate taking into account the industry growth rate, past experience and the medium-term or long-term growth target.

The fair value less costs of disposal is based on valuations performed by a leading international company specialised in vessels valuation. The fair value of the vessels were primarily determined based on the direct comparison method with reference to recent sales of comparable vessels.

During the six months ended 30 September 2023, dry bulk charter rates dropped significantly compare with last period and due to this unfavorable market condition, the fair value of vessels also decreased leading to impairment. As of 30 September 2023, the aggregate recoverable amounts of vessels amounting to US$49,852,000, which were determined by fair value less costs of disposal. Since the recoverable amounts of each of the four vessels were lower than their respective carrying amounts, impairment losses of US$2,644,000 was recognised in the condensed consolidated statement of comprehensive income for the six months ended 30 September 2023.

13A. Leases

(i) Right-of-use assets

	30 September 2023 US$'000 (Unaudited)	31 March 2023 US$'000 (Audited)
Buildings	**210**	285

During the year ended 31 March 2023, the Group entered into a new lease agreement in respect of renting an office and recognised lease liabilities and right-of-use assets of approximately US$372,000. The lease terms are 2.5 years at fixed rentals with no extension option. In addition, the weighted average lessee's incremental borrowing rates applied to the lease liabilities was 2.75% per annum as at 30 September 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13A. Leases (Continued)

(ii) Lease liabilities

	30 September 2023 US$'000 (Unaudited)	31 March 2023 US$'000 (Audited)
Amounts payable under lease liabilities		
Within one year	150	174
After one year but within two years	64	127
	214	301
Less: Amount due for settlement within 12 months (shown under current liabilities)	(150)	(174)
Amount due for settlement after 12 months	64	127

(iii) Amounts recognised in profit or loss

	Six months ended 30 September	
	2023 US$'000	2022 US$'000
Depreciation expense on right-of-use assets		
– buildings	75	–
Expense relating to short term lease	–	114
Interest expense on lease liabilities	3	–

(iv) Others

During the six months ended 30 September 2023, the total cash outflow for leases amount to approximately US$90,000 (six months ended 30 September 2022: US$114,000).

14. Investment properties

	2023 US$'000	2022 US$'000
Six months ended 30 September		
At fair value		
At 1 April (audited)	**70,655**	76,482
Additions	**41**	–
Exchange difference	**(3,032)**	(8,096)
At 30 September (unaudited)	**67,664**	68,386

The above investment properties represented a commercial properties project under development in the Hainan province, the PRC.

The Group's investment properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties through use. The Group has measured the deferred tax relating to the temporary differences of these investment properties using the tax rates and the tax bases that are consistent with the expected manner of recovery of these investment properties.

The fair value measurement is categorised in Level 3 fair value hierarchy.

There were no transfers into or out of Level 3 during both periods.

Valuation processes of the Group

The Group's investment properties were valued at each reporting period end by an independent professionally qualified valuer who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued.

Discussions of valuation processes and results are held between the chief financial officer and the valuer at least once every six months, in line with the Group's interim and annual reporting dates. As at 30 September 2023, the fair values of the properties have been determined by Vincorn Consulting & Appraisal Limited (31 March 2023: same).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. Investment properties (Continued)

Valuation techniques

There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Fair values of investment properties of the Group are generally derived using the direct comparison method. Given the unique nature and lack of recent transaction of certain properties, significant adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration. The significant unobservable inputs include:

Time adjustment:	Based on market trend of similar property between the transaction date of the comparable and the valuation date.
Location adjustment:	Based on the 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	2.4% to 10.2% (31 March 2023: 2.1% to 9.8%)	The upward market trend will have positive impact on adjustment and thus increase in fair value.
Location adjustment	-30% to -10% (31 March 2023: -30% to -10%)	The better location will have positive impact on adjustment, thus increase in fair value.
Land use right adjustment	-10% to -10% (31 March 2023: -10% to 0%)	The better designated use of the property will have positive impact on adjustment, thus increase in fair value.
Size adjustment	-5.4% to -0.9% (31 March 2023: -5.4% to -0.9%)	The increase in buildable area will have positive impact on total adjustment, thus increase fair value. However, this may be partially offset by a negative impact on adjustment per unit.

There were no changes in valuation methodologies during the period.

14. Investment properties (Continued)

Valuation techniques (Continued)

The Group intends to use the investment properties for the development of villas, low-rise apartments, and office, retail, carparking and other ancillary facilities, which is yet to be approved by the local government and whether additional land premium is required is uncertain.

Should the intended uses be impermissible under the current legal and planning framework or additional land premium needs to be settled for achieving such intended uses, the value of the investment properties may be adjusted.

15. Trade receivables, deposits, prepayments and other receivables

	30 September 2023 US$'000 (Unaudited)	31 March 2023 US$'000 (Audited)
Trade receivables	**3,022**	3,520
Less: Provision for impairment of trade receivables	**–**	–
Trade receivables, net	**3,022**	3,520
Prepayments	**111**	172
Deposits	**21**	21
Other receivables	**472**	580
Other receivables due from related companies *(Note 25)*	**27**	27
	3,653	4,320

15. Trade receivables, deposits, prepayments and other receivables (Continued)

As at 30 September 2023 and 31 March 2023, the ageing analysis of the trade receivables based on invoice date were as follows:

	30 September 2023 US$'000 (Unaudited)	31 March 2023 US$'000 (Audited)
0-30 days	2,893	3,422
31-60 days	41	–
61-90 days	–	–
91-365 days	8	18
Over 365 days	80	80
	3,022	3,520

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

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

16. Share capital

	30 September 2023		31 March 2023	
	Number of shares (thousands) (Unaudited)	Amount HK$'000 (Unaudited)	Number of shares (thousands) (Audited)	Amount HK$'000 (Audited)
Authorised:				
Ordinary shares of HK$0.01 each	**4,000,000**	**40,000**	4,000,000	40,000

Ordinary shares, issued and fully paid:

	Number of shares (thousands)	Share capital HK$'000	Share capital US$'000
At 1 April 2022, 31 March 2023, 1 April 2023 and 30 September 2023	952,614	9,526	1,221

17. Reserves

(a) Merger reserve

The merger reserve of the Group was created as a result of: (a) acquisition of the Top Build Group Ltd. under common control in 2017; and (b) the difference between the aggregate nominal value of the share capital of the subsidiaries acquired pursuant to a corporate reorganisation, which was completed on 13 September 2010, in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited, over the nominal value of the share capital of the Company issued in exchange thereof.

(b) Other reserves

Other reserves represent capitalisation of amounts due to certain directors, who are the ultimate controlling shareholders of the Company.

18. Borrowings and loans

	30 September 2023 US$'000 (Unaudited)	31 March 2023 US$'000 (Audited)
Non-current		
– Bank borrowings *(Note i)*	**466**	518
– Loan from the ultimate holding company *(Note ii)*	**8,052**	8,015
	8,518	8,533
Current		
– Bank borrowings *(Note i)*	**10,232**	10,913

Notes:

(i) The Group's bank borrowings comprise of a bank borrowing of US$10,129,000 (31 March 2023: US$10,812,000) and another bank borrowing obtained under the SME Financing Guarantee Scheme launched by the Government of HKSAR of US$569,000 (31 March 2023: US$619,000). The carrying amounts of these bank borrowings were denominated in US$ and HK$, respectively. These bank borrowings bear interest at LIBOR, SOFR or Prime rate and their fair value approximate the carrying amounts. As at 30 September 2023, the current bank borrowings included an amount of US$8,740,000 (31 March 2023: US$9,420,000) with original contractual repayment dates after one year from 30 September 2023 that has been reclassified as current liabilities at the end of the reporting period as a result of cross-default described in Note 2.1. Details of the pledged assets are set out in Note 26 to the condensed consolidated financial statements.

(ii) The loan from the ultimate holding company is unsecured and bears interest at 4% per annum. On 30 March 2022, the ultimate holding company extended the maturity of the outstanding balances to 30 March 2024. On 30 March 2023, the ultimate holding company further extended the maturity of the outstanding balance to 30 June 2026. The carrying amount of the Group's loan from the ultimate holding company is denominated in US$.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings and loans are as follows:

	30 September 2023 (Unaudited)	31 March 2023 (Audited)
Effective interest rate:		
Fixed-rate borrowings	**4%**	4%
Variable-rate borrowings	**2.75% to 9.91%**	2.75% to 9.43%

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18. Borrowings and loans (Continued)

Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):

	Bank borrowings *(Note)*		Loan from the ultimate holding company	
	30 September 2023 US$'000 (Unaudited)	31 March 2023 US$'000 (Audited)	**30 September 2023 US$'000 (Unaudited)**	31 March 2023 US$'000 (Audited)
Within 1 year	**1,467**	1,493	**–**	–
Between 1 and 2 years	**1,470**	1,465	**–**	–
Between 2 and 5 years	**7,730**	8,396	**8,052**	8,015
Over 5 years	**31**	77	**–**	–
	10,698	11,431	**8,052**	8,015

Note:

As detailed in Note 2.1, the event of default of convertible bonds resulted in cross default of a bank borrowing with an amount of US$8,740,000 (31 March 2023: US$9,420,000) with original contractual repayment dates after one year from 30 September 2023 that has been reclassified as current liabilities as at 30 September 2023 for financial reporting purpose. The amounts shown in the table above represents amounts repayable in accordance with the original dates set out in the loan agreements.

19. Deferred income tax liabilities

The movement in deferred income tax liabilities arising from the revaluation of investment properties during the period is as follows:

	2023 US$'000	2022 US$'000
Six months ended 30 September		
At 1 April (audited)	**16,851**	18,241
Exchange difference	**(723)**	(1,932)
At 30 September (unaudited)	**16,128**	16,309

20. Convertible bonds

During the year ended 31 March 2022, the Company was in default under the terms and conditions of the relevant agreements of the Top Build Convertible Bonds for the aggregate principal amount of US$54,000,000 that were not settled in full on the maturity date of 10 May 2021 and a petition was filed by the Bondholder (the "Petitioner") with the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the "High Court of Hong Kong") for the winding-up of the Company under the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) on 24 February 2022.

On 29 June 2022, the Company, Mr. Yan, Ms. Lam, Ablaze Rich (as the Guarantors) and the bondholder entered into supplemental settlement agreement ("Supplemental Settlement Agreement") in which the bondholder has agreed, among others, to conditionally withdraw the petition and withhold taking any further litigation or claims against the Company in respect of the default. Pursuant to the Supplemental Settlement Agreement, the Company will settle the outstanding redemption amount of the Convertible Bonds by repaying the Bondholder (i) US$5,000,000 in cash in 10 quarterly instalments of US$500,000 each with the first instalment to be paid within 7 business days from the date of the order granted by the High Court of Hong Kong for the withdrawal of the Petition; and (ii) the remaining balance of US$46,230,000 and all accumulated interest (calculated at an interest rate of 8% per annum), both to be paid in cash in one lump sum on 31 December 2024. Pursuant to the Supplemental Settlement Agreement, if payment is not made in full by the schedule due date, additional finance charge will be imposed.

Upon the signing of Supplemental Settlement Agreement, a gain on modification of convertible bonds of US$2,588,000 were recognised during the six months ended 30 September 2022.

On 15 July 2022, the Company received the order of the High Court of Hong Kong dated 14 July 2022 which ordered, among other things, that the Petition be withdrawn.

During the year ended 31 March 2023, the Company has made repayment to bondholder for the first three quarterly installments of a total of US$1,500,000. However, the Company has not repaid to the bondholder the fourth quarterly instalment due on 31 March 2023, and as at such date, US$49,730,000 in the outstanding redemption amount of the convertible bonds remained outstanding.

The Company applied for an extension on its fourth quarterly instalment and a consent letter was issued by the bondholder to the Company on 8 May 2023 pursuant to which the bondholder has agreed to extend the date for the repayment of the fourth quarterly instalment and the Company shall repay the fourth quarterly instalment in three instalments whereby (i) US$100,000 before 30 April 2023; (ii) US$200,000 before 31 May 2023; and (iii) US$200,000 before 15 June 2023. During the six months ended 30 September 2023, all the above said instalments have been repaid as scheduled.

On 3 July 2023, the bondholder acknowledged receipt of the Company's payment of US$100,000 made on 30 June 2023 being partial payment of the fifth quarterly instalment due on 30 June 2023.

20. Convertible bonds (Continued)

On 22 November 2023, the bondholder confirmed to the Company that the Company shall repay (i) the remaining balance of US$400,000 of the fifth quarterly instalment before 31 December 2023; and (ii) the sixth quarterly instalment of US$500,000 (due on 30 September 2023) on or before 31 December 2023.

The movements of the liability component of Top Build Convertible Bonds for the periods are set out below:

	Liability component US$'000
As at 1 April 2023 (audited)	52,739
Interest expense *(Note 9)*	1,990
Redemption	(600)
At 30 September 2023 (unaudited)	54,129
As at 1 April 2022 (audited)	51,230
Interest expense *(Note 9)*	1,159
Modification	(2,588)
Redemption	(1,000)
At 30 September 2022 (unaudited)	48,801

Details of the pledged assets are set out in Note 26 to the condensed consolidated financial statements.

21. Other payables and accruals

	30 September 2023 US$'000 (Unaudited)	31 March 2023 US$'000 (Audited)
Other payables and accruals	**4,843**	5,110
Contract liabilities	**803**	610
Other payables due to related companies *(Note 25(b))*	**6,996**	7,193
	12,642	12,913

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

22. Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the condensed consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes	
	1 April 2023 US$'000 (Audited)	**Financing cash flows US$'000**	**Finance cost incurred US$'000**	**30 September 2023 US$'000 (Unaudited)**
Bank borrowings *(Note 18)*	**11,431**	**(1,264)**	**531**	**10,698**
Loan from the ultimate company *(Note 18)*	**8,015**	**(100)**	**137**	**8,052**
Convertible bonds *(Note 20)*	**52,739**	**(600)**	**1,990**	**54,129**
Lease liabilities	**301**	**(90)**	**3**	**214**
	72,486	**(2,054)**	**2,661**	**73,093**

			Non-cash changes		
	1 April 2022 US$'000 (Audited)	Financing cash flows US$'000	Finance cost incurred US$'000	Modification of convertible bonds US$'000	30 September 2022 US$'000 (Unaudited)
Bank borrowings *(Note 18)*	12,886	(1,096)	373	–	12,163
Loan from a financial institution	1,522	(534)	36	–	1,024
Loan from the ultimate company *(Note 18)*	8,873	(950)	153	–	8,076
Convertible bonds *(Note 20)*	51,230	(1,000)	1,159	(2,588)	48,801
	74,511	(3,580)	1,721	(2,588)	70,064

23. Contingent liabilities

Save as disclosed elsewhere in the condensed consolidated financial statements, there were no other significant contingent liabilities of the Group as at 30 September 2023 (Six months ended 30 September 2022: same).

24. Commitments

(a) Capital commitments

At 30 September 2023 and 31 March 2023, capital expenditure contracted for but not yet incurred is as follows:

	30 September 2023 US$'000 (Unaudited)	31 March 2023 US$'000 (Audited)
Investment properties	**247**	258

(b) Operating lease arrangements – as lessor

At 30 September 2023 and 31 March 2023, the Group has the following future aggregate minimum lease receivables under non-cancellable operating leases in relation to chartering of vessels. These vessels chartering agreements have varying terms ranging from 3 to 6 months:

	30 September 2023 US$'000 (Unaudited)	31 March 2023 US$'000 (Audited)
Not later than one year	**1,743**	1,654

25. Related party transactions

(a) Significant transactions with related parties

The Group had the following significant transactions with its related companies for the six months ended 30 September 2023 and 2022.

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	
	2023	2022
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Interest on loan from the ultimate holding company	**137**	153
Rental expenses paid to Toprich (Asia) Limited *(Note (i))*	**–**	88

Note:

(i) Toprich (Asia) Limited is ultimately wholly-owned by the ultimate controlling parties of Ablaze Rich, Mr. Yan and Ms. Lam. Mr. Yan is a former director (resigned with effect from 16 January 2023) and Ms. Lam is the director of the Company for both periods.

(b) Balances with related parties

As at 30 September 2023 and 31 March 2023, the Group had the following significant balances with its related companies:

	30 September 2023	31 March 2023
	US$'000	US$'000
	(Unaudited)	(Audited)
Other receivables due from related companies controlled by the ultimate controlling parties *(Note 15)*	**27**	27
Loan from the ultimate holding company *(Note 18)*	**(8,052)**	(8,015)
Other payables due to related companies which are ultimately controlled by Mr. Yin Hai *(Note (i)) (Note 21)*	**(3,261)**	(3,407)
Others payables due to a related company controlled by the ultimate controlling parties *(Note 21)*	**(3,735)**	(3,786)

25. Related party transactions (Continued)

(b) Balances with related parties (Continued)

Other receivables due from related companies were unsecured, non-interest bearing, repayable on demand and denominated in US$ and RMB.

Other payables due to related companies were unsecured, non-interest bearing, repayable on demand and denominated in US$ and RMB.

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	
	2023	2022
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Fees and salaries	**292**	387
Pension costs – defined contribution plans	**4**	6
	296	393

26. Pledge of assets

As at 30 September 2023, the Group's vessels of US$32,379,000 (31 March 2023: US$34,388,000) were pledged as security for bank borrowings (Note 18).

As at 30 September 2023, the Group's bank deposits of US$530,000 (31 March 2023: US$516,000) were pledged as security for bank borrowings. Among the pledged bank deposits, none of the deposits are of restricted use for daily operation subject to the approval from a bank. In case of default under the loan agreements, the bank has the right to seize the pledged bank deposits.

26. Pledge of assets (Continued)

As at 30 September 2023, the bank borrowing obtained under the SME Financing Guarantee Scheme is secured fully by personal guarantees executed by Mr. Yan, Ms. Lam and the Government of HKSAR (31 March 2023: same).

On 29 June 2022, the Group entered into Supplemental Settlement Agreement with its bondholder and pursuant to which the withdrawal of the petition is conditional upon, among others, the Company having delivered the following security documents for the pledge/mortgage over the following assets of the Group in favour of the bondholder as security for the Company's performance of its repayment obligations under the settlement agreement (as supplemented by the Supplemental Settlement Agreement).

As at 30 September 2023, the convertible bonds were secured by the following:

(i) the mortgage over a vessel of the Group amounting to US$8,751,000 (31 March 2023: US$10,378,000) as at 30 September 2023 (Note 13);

(ii) the mortgage over the land use right of a parcel of land of approximately 95.9 mu out of a total of near 200 mu located at Haikou, Hainan Province, the PRC held by a non-wholly owned subsidiary of the Company in the PRC (the "PRC Subsidiary") (Note 14) (31 March 2023: same);

(iii) the pledge over the equity interests in the PRC Subsidiary held by a wholly owned subsidiary of the Company in Hong Kong (the "Hong Kong Subsidiary") (31 March 2023: same); and

(iv) the corporate guarantees from the PRC Subsidiary and the Hong Kong Subsidiary (31 March 2023: same).