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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3683)

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

The board (the "**Board**") of directors (the "**Directors**") of Great Harvest Maeta Group Holdings Limited (the "**Company**") hereby announces the audited consolidated final results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2018 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2018

	Note	**2018** *US$'000*	2017 *US$'000*
Revenue	3	**14,180**	8,097
Cost of services	4	**(8,582)**	(8,864)
Gross profit/(loss)		**5,598**	(767)
Other gains — net		**911**	2,510
Other income		**33**	14
General and administrative expenses	4	**(3,296)**	(2,342)
Impairment losses on property, plant and equipment		**—**	(16,000)
Operating profit/(loss)		**3,246**	(16,585)
Finance income	5	**1**	1
Finance costs	5	**(5,622)**	(4,563)
Finance costs — net		**(5,621)**	(4,562)
Loss before income tax		**(2,375)**	(21,147)
Income tax expense	6	**(368)**	(591)
Loss for the year		**(2,743)**	(21,738)

	Note	2018 US$'000	2017 US$'000
Loss attributable to			
— Owners of the Company		**(2,771)**	(21,882)
— Non-controlling interest		**28**	144
		(2,743)	(21,738)
Loss per share attributable to owners of the Company			
— Basic and diluted	7	**(US0.30 cents)**	(US2.39 cents)
Other comprehensive profit/(loss) for the year			
Items that may be reclassified to profit or loss			
Currency translation differences		**4,209**	(2,859)
Total comprehensive profit/(loss) for the year		**1,466**	(24,597)
Total comprehensive profit/(loss) attributable to:			
— Owners of the Company		**1,059**	(24,484)
— Non-controlling interest		**407**	(113)
		1,466	(24,597)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	**2018**	2017
		US$'000	*US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**47,906**	50,317
Investment properties		**69,528**	61,282
Pledged bank deposits		**2,048**	500
		119,482	112,099
Current assets			
Trade and other receivables	9	**1,980**	2,378
Pledged bank deposits		**4,734**	2,531
Cash and cash equivalents		**1,054**	266
		7,768	5,175
Total assets		**127,250**	117,274
EQUITY			
Equity attributable to owners of the Company			
Share capital		**1,188**	1,176
Reserves		**18,144**	15,743
		19,332	16,919
Non-controlling interest		**4,290**	3,883
Total equity		**23,622**	20,802

	Note	2018 US$'000	2017 US$'000
LIABILITIES			
Non-current liabilities			
Borrowings and loans		**20,581**	13,535
Convertible bonds		**39,998**	40,265
Deferred income tax liabilities		**16,526**	14,710
		77,105	68,510
Current liabilities			
Other payables and accruals		**5,856**	4,711
Borrowings and loans		**15,944**	23,198
Convertible bonds		**4,723**	—
Derivatives financial instrument		**—**	53
		26,523	27,962
Total liabilities		**103,628**	96,472
Total equity and liabilities		**127,250**	117,274

1 GENERAL INFORMATION

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

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

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

These financial statements are presented in United States dollars ("US$"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and the requirements of Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention, as modified in relation to the revaluation of investment properties and certain financial liabilities (including derivative financial instruments) at fair value through profit or loss, which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2.1.1 Going concern basis

For the year ended 31 March 2018, the Group recorded a net loss attributable to the equity holders of US$2,771,000. As at the same date, the Group's current liabilities exceeded its current assets by US$18,755,000 which included borrowings of US$15,944,000 repayable within one year.

As at 31 March 2018, the Group had total outstanding bank borrowings amounted to US$28,788,000. The Group has to comply with certain restrictive undertaking clauses set out in the loan agreements in connection with the ratio of vessel's market value together with value of security to outstanding borrowing amount (the "Vessel Ratio"). In respect of the bank borrowings of US$19,068,000, the Group was in compliance with the Vessel Ratio requirements under the relevant loan agreements as at 31 March 2018.

In respect of the remaining bank borrowing of approximately US$9,720,000, the Group's Vessel Ratio for the relevant vessel fell below the prescribed Vessel Ratio requirement under the relevant loan agreement during the year, entitling the bank to request for remedial actions by the Group. No such request were made by the bank, and the Group did not obtained a waiver from the bank from complying with or for revising the Vessel Ratio requirement. Pursuant to the relevant loan agreement, this bank borrowing might become immediately repayable if the Group fails to take remedial actions by repaying the bank borrowing or increasing pledged deposits within a period of time as may be required by the bank. As a result of the increase in market value of the vessel in the second half of the year, the Group became in compliance with the restrictive undertaking clauses set out in the loan agreements in connection with the Vessel Ratio as at 31 March 2018.

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

The directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from 31 March 2018. The directors are of the opinion that, after taking into account the following plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 March 2018:

(i) On 24 November 2017, the Group obtained a new bank borrowing of US$20,000,000 to refinance the Group's bank borrowings of US$19,932,000. The new bank borrowing is interest bearing at London Interbank Offered rate plus 3.15% per annum, repayable by quarterly instalments over a term of 5 years. On 9 May 2018, the Group successfully extended the maturity date of another bank borrowings of US$9,720,000 from 14 May 2018 to 28 February 2019.

    These bank borrowings are subject to compliance of certain restrictive financial undertakings for which the Group will continue to monitor its compliance of such financial undertakings. Should the Group be unable to comply with these restrictive undertakings, the directors plan to negotiate with the bank and will seek to revise these undertakings or obtain a waiver of compliance from the bank.

(ii) As at 31 March 2018, the Group had two convertible bonds of US$44,721,000, which comprised convertible bonds in principal amount of US$3,000,000 issued in September 2013 ("Ablaze Rich Convertible Bonds"); and convertible bonds in principal amount of US$54,000,000 issued in May 2016 ("Top Build Convertible Bonds"). On the same date, the Group had loans from ultimate holding company of US$7,737,000. Pursuant to the respective convertible bonds and loan agreements, the bondholders and lender have the right to demand for immediate repayment of the relevant principal amount of the convertible bonds and loans together with accrued interests should there be an event of default happened in respect of other borrowings of the Group.

In respect of the Ablaze Rich Convertible Bonds and the loan from ultimate holding company, the bondholder and the ultimate holding company confirmed that they do not have the intention and will not exercise their rights to demand for immediate repayment even if the events allowing such rights to demand happen in the next fifteen months from 31 March 2018.

For the Top Build Convertible Bonds, the directors plan to negotiate with the bondholder and will request the bondholder to issue a waiver should there be an event of default happened in respect of other borrowings of the Group.

(iii) On 29 September 2017, Ablaze Rich Investments Limited, the ultimate holding company of the Group, together with the Company's two directors, Mr. Yan Kim Po and Ms. Lam Kwan, (collectively, the "Guarantors"), entered into a deed of funding undertakings to provide funding to the Group. The funding notice could be issued at the discretion of the Company to Ablaze Rich Investments Limited and the Guarantors and the total amount of funding undertakings shall not exceed US$30,000,000. The deed was renewed on 30 March 2018 to extend the period of funding notice to 30 June 2019 from the date of renewal. The above deed entered on 29 September 2017 was superseded by this renewal deed, and had ceased to be effective from 30 March 2018.

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

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

In April 2017 and January 2018, the Group drew down a total of US$4,500,000 of loan from the ultimate holding company under the terms of the deed, of which US$3,000,000 will be repayable by April 2019 and the remaining will be repayable by January 2020. The available funding under the deed of funding undertakings was US$25,500,000 as at 31 March 2018.

(iv) In respect of the Group's investment properties development in Hainan, the Group is in the process of applying for the land development approval. The Group does not have significant commitment for capital expenditure of such developments at this stage and no significant expenditures in relation to such development will be committed by the Group before securing the necessary funding.

(v) The Group will also continue to seek for other alternative financing and bank borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures.

The directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from 31 March 2018. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainty exists as to whether management of the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through achieving the following plans:

(i) Continuous compliance by the Group of the existing terms and conditions of bank borrowings and, where applicable, successful negotiation with the banks to obtain wavier or to revise the existing terms and conditions of the bank borrowings for the continuous compliance thereof as and when needed such that the existing bank borrowings will continue to be available to the Group and be repaid in accordance with the agreed repayment schedules;

(ii) Successful negotiation with the bondholder to obtain wavier as and when needed such that the convertible bonds with principal amount of US$54,000,000 will continue to be available to the Group;

(iii) Ablaze Rich Investments Limited and the Guarantors will be able to provide further funding advance for up to US$25,500,000 to the Group as and when needed which will be repayable beyond twelve months from 31 March 2018;

(iv) If necessary, successful negotiation with bank to extend bank borrowing which will mature in February 2019;

(v) Successful in application of the land development approval for the Group's investment properties development in Hainan and successful raising of financing as and when required for the development of the investment properties; and

(vi) Obtaining additional sources of financing or bank borrowings as and when needed.

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

2.1.2 Changes in accounting policy and disclosures

(a) New amendments to existing standards adopted by the Group for the financial year beginning 1 April 2017, but do not have significant financial impact to the Group.

HKFRS 12 (Amendment)	Disclosure of interest in other entities
HKAS 7 (Amendment)	Statement of cash flows — disclosure initiative
HKAS 12 (Amendment)	Recognition of deferred tax assets for unrealised losses

(b) The following new standards and amendments to existing standards that have been issued, but are not effective for the financial year beginning on or after 1 April 2017 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
HKFRS 1 and HKAS 28 (Amendment)	Annual improvements 2014–2016 cycle	1 April 2018
HKAS 28 (Amendment)	Investments in associate and joint ventures	1 April 2018
HKAS 40 (Amendment)	Transfers of investment property	1 April 2018
HKFRS 1 (Amendment)	First time adoption of HKFRS	1 April 2018
HKFRS 2 (Amendment)	Classification and measurement of share-based payment transactions	1 April 2018
HKFRS 4 (Amendment)	Applying HKFRS 9 financial instruments with HKFRS 4 insurance contracts	1 April 2018
HKFRS 9	Financial instruments	1 April 2018
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	Note
HKFRS 15	Revenue from contracts with customers	1 April 2018
HKFRS 15 (Amendment)	Clarification to HKFRS 15	1 April 2018
HK(IFRIC) 22	Foreign currency transactions and advance consideration	1 April 2018
HKFRS 9 (Amendment)	Prepayment features with negative compensation	1 April 2019
HKFRS 16	Leases	1 April 2019
HK(IFRIC) 23	Uncertainty over income tax treatments	1 April 2019
HKFRS 17	Insurance contracts	1 April 2021
HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23 (Amendment)	Annual improvements 2015–2017 cycle	1 April 2019

Note: The effective date was to be determined.

HKFRS 9, 'Financial instruments'

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from the requirements under HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at fair value through profit and loss that is attributable to changes of that financial liability's credit risk to be recognised in other comprehensive income (without reclassification to profit or loss).

The new hedge accounting rules will align the accounting for hedging instruments more closely with risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 applies for financial years commencing on or after 1 April 2018. The Group will apply the new rules from 1 April 2018, with the practical expedients permitted under the standard. Comparatives for 2018 will not be restated.

Based on the assessments undertaken to date, the Group expects that the impact will be immaterial.

HKFRS 15, 'Revenue from Contracts with Customers'

HKFRS 15 is a new standard issued by the HKICPA for the recognition of revenue. This will replace HKAS 18 which covers revenue arising from the sales of goods and the rendering of services and HKAS 11 which covers construction contracts and the related literature. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The application of HKFRS 15 may further result in the identification of separate performance obligations, which could affect the timing of the recognition of revenue going forward.

HKFRS 15 is mandatory for financial years commencing on or after 1 April 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 April 2018 and that comparatives will not be restated.

The Group does not expect the new standard to have a significant impact to the revenue recognition of the Group.

HKFRS 16, 'Leases'

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at 31 March 2018, the Group has non-cancellable operating lease commitments of US$866,000. Payment for short-term and low value leases will be recognised on a straight-line basis as an expense in profit of loss.

However, the Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

HKFRS 16 is a mandatory for financial years commencing on or after 1 April 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

For the other amendments to standards presented, management is in the process of making an assessment of the likely impact of these change but is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and/or the presentation of its consolidated financial statement will result.

3 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 resources allocation.

The operating segments comprise:

— Chartering of vessels

— Property investment and development

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

The performance of the operating segments was assessed based on their segment profit or loss before income tax, which is measured in a manner consistent with that in the 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 directors are measured in a manner consistent with that in the consolidated financial statements. No analysis of segment liabilities is presented as it is not regularly provided to the executive directors.

(a) Segment revenue and results

	Chartering of vessels US$'000	Property investment and development US$'000	Others US$'000	Total US$'000
Year ended 31 March 2018				
Revenue	**14,180**	**—**	**—**	**14,180**
Segment gain/(loss)	**2,276**	**(2,943)**	**(1,708)**	**(2,375)**
Depreciation	**(2,558)**	**(38)**	**—**	**(2,596)**
Finance cost	**(1,777)**	**(3,617)**	**(228)**	**(5,622)**
Year ended 31 March 2017				
Revenue	7,879	—	218	8,097
Segment loss	(19,990)	(623)	(534)	(21,147)
Depreciation	(3,026)	(3)	—	(3,029)
Impairment losses on property, plant and equipment	(16,000)	—	—	(16,000)
Finance cost	(1,776)	(2,763)	(24)	(4,563)

(b) Segment assets

	Chartering of vessels US$'000	Property investment and development US$'000	Others US$'000	Total US$'000
As at 31 March 2018				
Segment assets	**57,275**	**69,826**	**149**	**127,250**
As at 31 March 2017				
Segment assets	55,809	61,344	121	117,274

(c) Geographical information

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

(d) Information about major customers

Revenue arising from the provision of chartering and other related services for individual customers during the year contributing over 10% of total revenue of the Group is as follows:

	2018	2017
	US$'000	*US$'000*
Customer A	**4,407**	1,665
Customer B	**2,623**	1,464
Customer C	**2,176**	—
Customer D	**1,463**	—
	10,669	3,129

4 EXPENSES BY NATURE

	2018	2017
	US$'000	*US$'000*
Impairment losses on property, plant and equipment	**—**	16,000
Depreciation of property, plant and equipment	**2,596**	3,029
Crew expenses (included in cost of services)	**3,102**	3,136
Operating lease rental for land and buildings	**563**	367
Auditor's remuneration — audit services	**177**	196
Provision/(reversal) for trade receivables impairment	**23**	(8)
Employee benefit expense (including directors' emoluments)	**1,475**	1,200

5 FINANCE COSTS — NET

	2018	2017
	US$'000	*US$'000*
Finance income		
Interest income	**1**	1
Finance costs		
Arrangement fee on bank borrowings	**249**	146
Interest expense on borrowings and loans	**1,468**	1,317
Interest expense on convertible bonds — non-cash	**3,847**	2,977
Interest expense on derivative financial instruments	**58**	123
	5,622	4,563
Finance costs — net	**5,621**	4,562

6 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the year. The subsidiary established in the PRC is subject to corporate income tax rate of 25% (2017: 25%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

	2018	2017
	US$'000	*US$'000*
Current income tax		
— Hong Kong profits tax	**—**	33
— Adjustments in respect of prior years	**—**	6
Deferred income tax	**368**	552
Income tax expense	**368**	591

7 LOSS PER SHARE

(a) Basic

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

	2018	2017
Loss attributable to owners of the Company (US$'000)	**2,771**	21,882
Weighted average number of ordinary shares in issue (thousands)	**922,017**	916,778
Basic loss per share (US cents per share)	**0.30**	2.39

(b) Diluted

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

Diluted loss per share for the years ended 31 March 2018 and 2017 equal basic loss per share as the exercise of the outstanding share options and convertible bonds would be anti-dilutive.

8 DIVIDENDS

The directors do not recommend the payment of a final dividend for the year ended 31 March 2018 (2017: Nil).

9 TRADE AND OTHER RECEIVABLES

	2018	2017
	US$'000	*US$'000*
Trade receivables	**1,163**	1,646
Less: Provision for impairment of trade receivables	**(31)**	(8)
Trade receivables, net	**1,132**	1,638
Prepayments and deposits	**718**	690
Other receivables	**122**	42
Other receivables from related companies	**8**	8
	1,980	2,378

The carrying amounts of trade and other receivables approximate their fair values and are mainly denominated in United States dollars.

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

It is industry practice that 95% to 100% of freight is paid upon completion of loading and/or releasing bill of lading, with any balance paid within 7 days after completion of discharge and the finalisation of port disbursements, demurrage claims or other voyage-related charges.

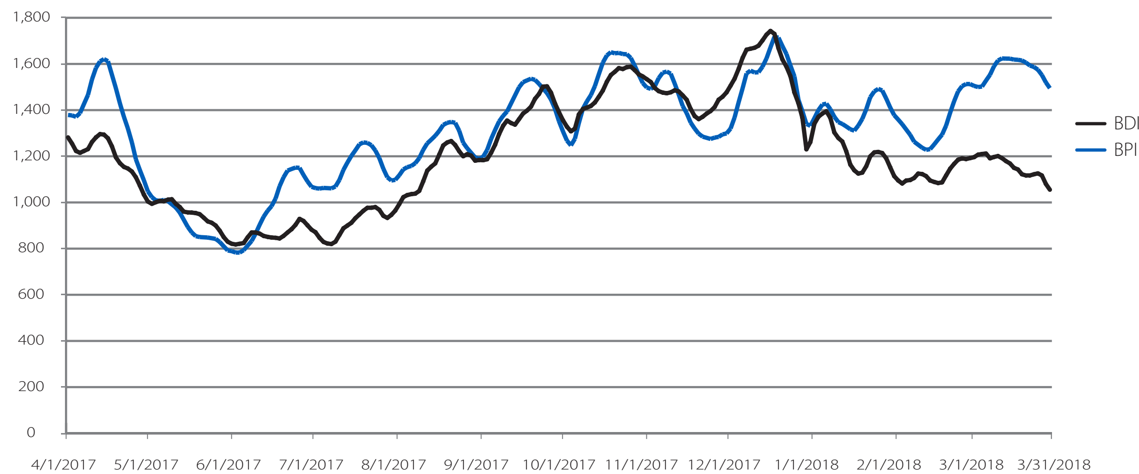
As at 31 March 2018 and 2017, the ageing analysis of the trade receivables based on invoice date were as follows:

	2018	2017
	US$'000	*US$'000*
0–30 days	**1,108**	1,258
31–60 days	**—**	336
61–365 days	**21**	20
Over 365 days	**34**	32
	1,163	1,646

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

Daily Variation Chart of Baltic Dry Index (BDI) and Baltic Panamax Index (BPI)
1 April 2017 – 31 March 2018



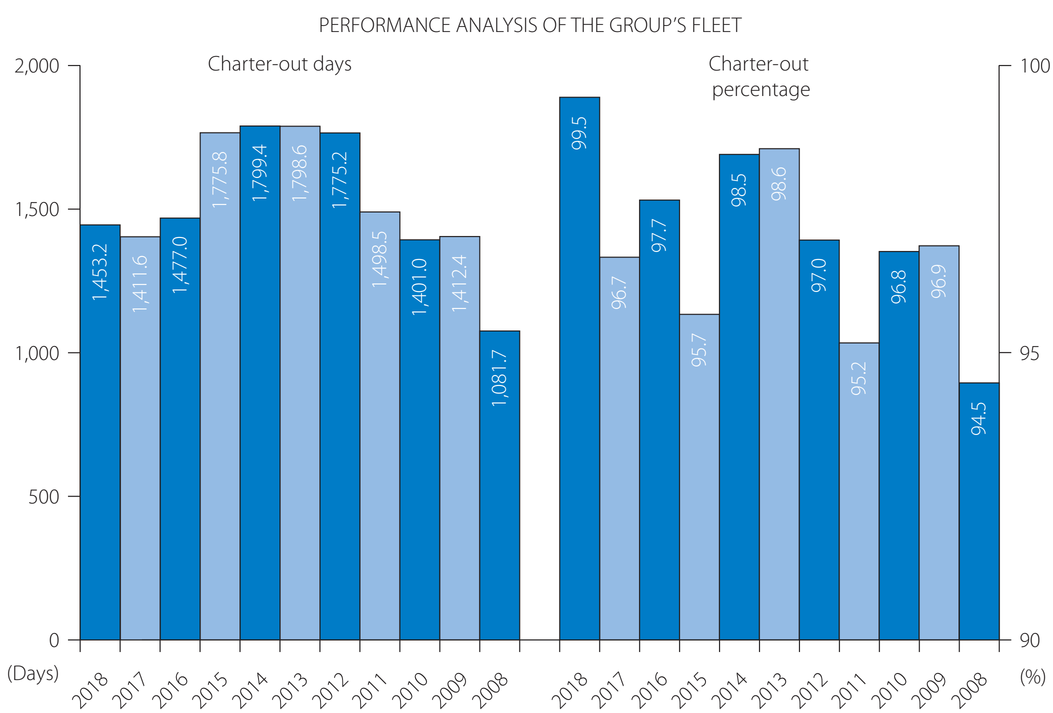
BDI year-high at 1,743 in December 2017, year-low at 818 in June 2017, year-average at 1,205.

BPI year-high at 1,718 in December 2017, year-low at 783 in June 2017, year-average at 1,321.

Being prompted by the increase of the seasonal demand for marine transportation of bulk grains in South America early in the year, the spot freight rate of panamax vessels in dry bulk marine transportation market of 2017 revealed a trend of hike, while that of other types of vessels increased as well, as compared to that of the corresponding period of last year. The average Baltic Dry Index for panamax vessels was 1,321 points during the period from 1 April 2017 to 31 March 2018, rising by 463 points as compared to 858 points last year. The corresponding average daily charter rate was US$10,596, which represented an increase of US$3,729 as compared to US$6,867 for the corresponding period of last year. Issues such as the oversupply of dry bulk fleet and slow demand growth of marine transportation were alleviated in 2017, but still hovered and hampered the market. The charter hire transactions resumed their operations, while the cargo owners and charterers started to request for charter hire with higher rate and longer term in an effort to balance the risks of and pressure from cargo transportation. The demand provided the vessels' owners with another business choice that they might set the charter period for one year or above. Among different kinds of vessels, panamax vessels remained relatively stable in the freight market last year, while capsize vessels witnessed relatively significant fluctuation, showing that the freight market would still be in a relatively long transition period prior to resuming to stable operation. While the freight market rebounded, the low freight rate during the previous two years resulted in the delay in fleet modification by vessel owners as well as the decrease in investment in dry bulkers by new vessel investors, and thus in turn address the oversupply in freight market to a certain extent. Such phenomenon led to the decline in both orders and delivered quantity of newly-built vessels. The market prediction and statistics from vessel broker companies expect the adjusted demand of dry bulk marine transportation can reach a growth of approximately 3% this year, as compared to the growth of fleet size of approximately 2%. The oversupply of vessels continued to be alleviated, which is also the main factor for the better performance of this year's spot freight rate.

Given the slow global economic growth, though the International Monetary Fund (IMF) adjusted the economic growth for 2017 upward to 3.7%, the annual growth of demand in the dry bulk marine transportation was only 4%, which could not actually change the situation of the oversupply of vessel. The favourable factor in the spot freight market is that China's import volume of dry bulk cargoes has maintained its relatively substantial actual growth during last year. According to the market statistics for 2017, China's import volume of iron ore and coal has exceeded 1.07 billion tons and 0.27 billion tons, representing an annual growth of approximately 5% and approximately 6.1%, respectively. Besides, the import volume of soybean and grains also grew by double digit to a total of 0.13 billion tons. The upward trends of import value of iron ore/coal/soybean/grains made significant contribution to the stability of dry bulk marine transportation market, and also maintained and promoted the stability and rebound of the spot freight rate.

BUSINESS REVIEW



The Group's vessels were under sound operation for the year between 1 April 2017 and 31 March 2018. Currently, the fleet size is 319,923 dwt, and the average age of the fleet is 12 years. The fleet maintained a high operational level with an occupancy rate of approximately 99.53% this year. The average daily charter rate of the Group's vessels was approximately US$9,970 per vessel, representing an increase of approximately 79.5% as compared to the corresponding period of last year, which was slightly lower than the daily rate level of US$10,596 of similar vessel market index. The reasons for the higher vessel operational level were that no vessel underwent dock repair and/or were in downtime caused by other managerial reasons during the year. The relatively significant increase in daily vessel charter rate was benefited from the overall increase in spot freight rate as well as the efforts made by the Company during daily operation on vessels adaption and placement at advantageous location in order to strive for better charter rate and freight rate. The daily charter rate of the fleet's 90,000 ton post-panamax vessels has gradually changed from lower than that of standard vessels last year to currently in line with their level. The fleet achieved a record of safe operation with no adverse incident, and all vessels were operating in the spot market this year. All freight and charter hire income were basically received with no receivable of significant amount. The Group was able to exert stringent control over costs and expenses in the course of vessel management and strived to minimise voyage expenses to maintain the management expenses of vessels within budget.

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

Market outlook

In succession of the level from last year, the freight rate for dry bulk cargo market remains on a higher level in 2018. The seasonal demand for marine transportation of bulk grains in the South America, as well as the import volume of iron ore and coal in China remain stable and even experience growth, have supported and helped to stabilize and even further promote the spot freight rate, it is expected that both the spot freight rate and average daily income of vessels this year will be higher than those of last year, and we hope that such momentum will last for a longer period. Although there is an alleviation in the oversupply condition in the vessel market, there is no fundamental change to such condition. The growth of dry bulk fleet is still going to increase by approximately 2%, while the growth in dry bulk marine transportation is predicted to be approximately a mere 3% this year. Therefore the current supply glut of dry bulk vessels will remain and the spot freight market will continue to be operated under the pressure of excess supply of vessels. The forecast from The International Monetary Fund (IMF) on the global economic growth in 2018 is 3.9%, which is higher than the economic growth of last year; while the international trade volume growth is predicted to increase by 4.6%, which fundamentally remain unchanged from that of last year. We hope that the growth of demand for marine transportation can be further pushed forward by the recovery of economic and trade environment. Given the slow global economic growth, the ability to maintain a stable growth in the demand of dry bulk marine transportation is important to the operation of shipping market and to the change in the oversupply of vessel. The import volume of bulk cargo from China is at a high level and on rising trend, which in turn will be the main contributor of the growth in the demand of marine transportation this year. Notwithstanding that the seasonal demand for transportation could strengthen the short-term demand growth at particular times and locations, its impacts on the overall market is limited. As China's import volume of iron ore and coal remain at a high level, which pushed up the demand of marine transportation of dry bulk cargo, and in turn affect the spot freight market. With the increase in the spot freight rate, the transaction of the vessel rental market commences to be active and the transaction volume has also increased. Both cargo owners and charterers are balancing their own cargo demand and controlling their risks by limiting transportation capacity. It is expected to post positive effect on the spot freight market.

According to statistics and forecast from shipping broker companies, the import of volume of major dry bulk cargoes such as iron ore and coal would increase 4% and 1% respectively as compared to last year, which is expected to support the stability and growth of the spot freight rate this year. Meanwhile there will be a continuous increase in the volume of imported dry bulk food in China, which provides a better support to the marine transportation demand for panamax vessels.

Given the lower rate and fluctuation in spot freight market, the Group will maintain its prudent operating strategies by enhancing the daily management of vessels, providing better transportation services to customers and seeking for more reputable and reliable charterers at higher rates, thus generating more operational revenue for the Group. Meanwhile, the Group will strictly control operating costs and reduce all unnecessary expenses. The Group continues to identify new development opportunities and/or expand its scope of business and diversify its income streams by expanding more operations other than the shipping business.

On 10 May 2016, Top Build Group Ltd. ("Top Build") indirectly through its subsidiaries holds 91% interest in a company in the PRC which holds two parcels of land located at Meidian Slope, Hongqi Town, Qiongshan District, Haikou, Hainan Province, the PRC (the "Lands"). The Haikou local government subsequently rearranged its plans on the surroundings and ancillary facilities of the Lands held by the Group.

During the year, the land premium and prices of real estates in Haikou increased along the domestic residential demands. To capture the opportunity prompted by the residential demands in Haikou, the Group seeks the possibility to redevelop the project into "cultural and tourism real estate" project to construct villas, loft apartment, low density villas, retail, car park and other ancillary facilities with approximately 130,000 square meters. As the Haikou local government has finalized its plans, the project is currently under the procedure of construction application.

FINANCIAL REVIEW

Revenue

With the growth in the dry bulk marine market, revenue of the Group also increased from approximately US$8.1 million for the year ended 31 March 2017 to approximately US$14.2 million for the year ended 31 March 2018, representing an increase of approximately US$6.1 million, or approximately 75.2%. It comprised chartering income of US$14.2 million (2017: US$7.9 million) and there is no interest income from money lending business for the year ended 31 March 2018 (2017: US$0.2 million). The average Daily TCE of the Group's fleet increased from approximately US$5,554 for the year ended 31 March 2017 to approximately US$9,970 for the year ended 31 March 2018, which represented an increase of approximately 79.5% as compared to last year.

Cost of services

The prudent cost control strategy made the cost of services of the Group decreased from approximately US$8.9 million for the year ended 31 March 2017 to approximately US$8.6 million for the year ended 31 March 2018, representing a decrease of approximately US$0.3 million or approximately 3.2%. Other than the restrained vessel running cost, cost of services also affected by the reduce in depreciation charges caused by impairment losses of vessels recognized in the year ended 31 March 2017. However, it was basically offset by the diminishing mark to market gain in bunker inventory recorded.

Gross profit/(loss)

Benefit from the marine transportation market growth and the stringent control over operating costs and expenses, the Group has turned around from gross loss of about US$0.8 million for the year ended 31 March 2017, to gross profit amount to about US$5.6 million for the year ended 31 March 2018, representing a difference of approximately US$6.4 million, while the gross profit/(loss) margin improved from approximately -9.5% for the year ended 31 March 2017 to approximately 39.5% for the year ended 31 March 2018.

General and administrative expenses

General and administrative expenses of the Group increased by approximately US$0.9 million or approximately 40.7%, which was mainly due to the setup of new office in Hainan for the preparation of development of the Lands and the increase in legal and professional fee arisen from some bank loans arrangements of vessels during the year ended 31 March 2018.

Finance costs

Finance costs of the Group increased from approximately US$4.6 million for the year ended 31 March 2017 to approximately US$5.6 million for the year ended 31 March 2018, representing an increase of approximately US$1.0 million or approximately 23.2%. Such increase was mainly attributable to the amortization of finance costs for the issuance of the US$54.0 million Top Build Convertible Bonds and the increase in loan from the ultimate holding company.

Loss for the year

The Group incurred a loss of approximately US$2.7 million for the year ended 31 March 2018 as compared with approximately US$21.7 million for the year ended 31 March 2017. Such change was mainly because (i) the Group has strived to achieve from gross loss to gross profit with approximately US$6.4 million improvement in gross profit; (ii) there is no impairment losses incurred for the Group's vessels for the year ended 31 March 2018 (2017: US$16.0 million); and (iii) the fair value gain of valuation of investment property decreased from approximately US$2.2 million for the year ended 31 March 2017 to approximately US$1.5 million for the year ended 31 March 2018.

Liquidity, financial resources, capital structure and gearing ratio

As at 31 March 2018, the Group's cash and cash equivalent amounted to approximately US$1.0 million (2017: approximately US$0.3 million), of which approximately 82.1% was denominated in US$ and approximately 16.3% in HK$. Outstanding bank loans amounted to approximately US$28.8 million (2017: approximately US$33.7 million) and other borrowings amounted to approximately US$52.5 million (2017: approximately US$43.3 million), which were denominated in US$.

As at 31 March 2017 and 31 March 2018, the Group had a gearing ratio (being the bank loans and other borrowings of the Group divided by the total assets of the Group) of approximately 65.7% and 63.8% respectively. The decrease in gearing ratio as at 31 March 2018 was mainly due to the appreciation of investment property and the pickup in cash position after the growth in gross profit.

The Group recorded net current liabilities of approximately US$18.8 million as at 31 March 2018 and approximately US$22.8 million as at 31 March 2017.

The revenue growths strengthened the cash position of the Group.

The first tranche of convertible bonds ("First Convertible Bonds") in the principal amount of US$3,000,000 due 2018 issued by the Company for subscription by Ablaze Rich Investments Limited ("Ablaze Rich") pursuant to the terms and conditions of the agreement dated 5 July 2013 and entered into between the Company and Ablaze Rich in respect of the subscription of the First Convertible Bonds by Ablaze Rich amounted to approximately US$4.7 million (2017: approximately US$3.9 million) was being classified as current liabilities.

On 17 November 2017, certain members of the Group has entered into a new bank borrowing agreement of US$20,000,000 (i.e. the GH FORTUNE/GLORY/HARMONY Loan) to refinance the Group's bank borrowings of three vessels, namely, GH FORTUNE, GH GLORY and GH HARMONY. After the drawdown of GH FORTUNE/GLORY/HARMONY Loan, the GH FORTUNE/GH PROSPERITY Loan, the GH GLORY Loan and the GH HARMONY Loan was fully repaid. The principal amount of the GH FORTUNE/GLORY/HARMONY Loan shall be repaid in five years. About US$16.0 million principal amount were classified as non-current liability as at 31 March 2018. The GH FORTUNE/GLORY/HARMONY Loan is also subject to compliance of certain restrictive financial undertakings for which the Group will continue to monitor. Please refer to the notes under the paragraph headed "Bank loans and disclosure under Rules 13.13 to 13.19 of the Listing Rules" for the definitions of each of these loans.

The management maintains continuous relationship with the banks and the Directors are of the opinion that bank borrowings will continue to be available to the Group for the next twelve months from 31 March 2018.

The Group monitors the current and expected liquidity requirements regularly to mitigate the effects of fluctuations in cash flows. The Company has entered into four loan facility agreements with Ablaze Rich on 28 April 2015, 19 January 2017, 12 April 2017 and 15 January 2018 for loan facilities in the total amount of US$2,000,000 (the "First Facility"), US$3,000,000 (the "Second Facility"), US$3,000,000 (the "Third Facility") and US$1,500,000 (the "Fourth Facility") respectively. The full loan amount had been drawn down by the Company under the First Facility, the Second Facility, the Third Facility and the Fourth Facility. The First Facility was repayable on or before 27 April 2017, the Second Facility will be repayable on or before 18 January 2019, the Third Facility will be repayable on or before 11 April 2019 and the Fourth Facility will be repayable on or before 16 January 2020 respectively. These loan facilities were unsecured and carried an interest of 4% per annum. As at 31 March 2018, the drawn amount under the First Facility had been fully repaid by the Company. The drawn amount under Second Facility, Third Facility and Fourth Facility had not been repaid yet. The disinterested members of the Board (including the independent non-executive directors) consider that as the First Facility, the Second Facility, the Third Facility and the Fourth Facility are all on normal commercial terms or better and are not secured by the assets of the Group, the receipt of financial assistance by the Group thereunder are fully exempt under Rule 14A.90 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

On 31 March 2017, the Company entered into a deed of funding undertakings (the "Deed") with Ablaze Rich, Mr. Yan Kim Po ("Mr. Yan") and Ms. Lam Kwan ("Ms. Lam") pursuant to which Ablaze Rich, Mr. Yan and Ms. Lam have undertaken to provide funding to the Group when funding notice shall be issued by the Company within fifteen months of the date of the deed. The funding when provided shall be treated as an "advance" to the Company from Ablaze Rich, Mr. Yan and Ms. Lam and shall be repayable by the Company after at least twelve months from the funding draw down date. The total amount of the aforesaid advances outstanding at any time shall not exceed US$30 million. The undertakings shall cease to have effect after fifteen months from the date of the deed or upon the Company or any member of the Group having obtained long-term external bank borrowings or other sources of long-term financing with a principal amount of not less than US$30 million, whichever is the earlier.

On 29 September 2017, 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 fourteen months of the date of the deed. The undertakings shall cease to have effect after fourteen months from the date of the deed or upon the Company or any member of the Group having obtained long-term external bank borrowings or other sources of long-term financing with a principal amount of not less than US$30 million, whichever is the earlier. The other terms included in the Deed were included in this deed and remained the same. The Deed was superseded by this deed, and had ceased to be effective from 29 September 2017.

On 30 March 2018, the Company entered into a deed of funding undertakings. Ablaze Rich, Mr. Yan and Ms. Lam have undertaken to provide funding to the Group when funding notice shall be issued by the Company within fifteen months of the date of the deed. The undertakings shall cease to have effect after fifteen months from the date of the deed or upon the Company or any member of the Group having obtained long-term external bank borrowings or other sources of long-term financing with a principal amount of not less than US$30 million, whichever is the earlier. The other terms included in the deed dated 29 September 2017 were included in this deed and remained the same. The above deed entered on 29 September 2017 were superseded by this deed, and had ceased to be effective from 30 March 2018.

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

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

Convertible Bonds

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

The completion of the issue and subscription of the First Convertible Bonds took place on 2 September 2013. The net proceeds from the issue of the First Convertible Bonds had been fully utilised as general working capital of the Group.

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

As at 31 March 2018, the entire principal amount of the First Convertible Bonds remained outstanding.

As announced by the Company on 10 May 2016, completion of the acquisition of the entire issued share capital of Top Build took place on 10 May 2016 and the Top Build Convertible Bonds for the aggregate principal amount of US$54,000,000 were issued.

As at 31 March 2018, the entire principal amount of the Top Build Convertible Bonds remained outstanding.

Exposure to fluctuations in exchange rate and related hedges

The Group's transactions and monetary assets were primarily denominated in US$. Operating expenses of the Group's Hong Kong subsidiary were primarily denominated in HK$ and the bank loans of the Group were denominated in US$ and those of the Group's PRC subsidiary was primarily denominated in RMB. 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 had entered into an interest rate swap to hedge for the future fluctuations of London Interbank offered rate or cost of fund arising from the Group's variable rate borrowings. There was no outstanding interest rate swap as at 31 March 2018 (2017 total notional principal amount: US$10.9 million).

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

Pursuant to Rule 13.18 of the Listing Rules, a general disclosure obligation will arise where an issuer or any of its subsidiaries enters into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholders, such as a requirement to maintain a specified minimum holding in the share capital of the issuer. As at 31 March 2018, the Group recorded outstanding bank loans of approximately US$28.8 million and all the bank loans carried interest at floating rate. The bank loans, namely the GH POWER Loan and the GH FORTUNE/GLORY/HARMONY Loan, were for financing the acquisition costs of vessels of the Group and were secured by, inter alia, the following:

- corporate guarantee from the Company;
- first preferred mortgages over the vessels held by the Group;
- assignment of the charter-hire income and insurance in respect of the vessels held by the Group;
- charges over shares of each of the Group companies holding those vessels.

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

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

Save as disclosed above, the Directors have confirmed that, as at the date of this announcement, there are no other circumstances that would trigger a disclosure obligation under Rules 13.13 to 13.19 of the Listing Rules.

Notes:

1. "GH FORTUNE/GH PROSPERITY Loan" represents a term loan for the aggregate principal amount of US$16 million in two tranches for the purpose of financing or refinancing the acquisition costs of GH FORTUNE and GH PROSPERITY. US$10.4 million of the principal amount of such term loan shall be repaid by 20 quarterly instalments, and US$5.6 million thereof shall be repaid by 12 quarterly instalments, commencing three months from 5 December 2013. The GH FORTUNE/GH PROSPERITY Loan has been fully repaid.

2. "GH GLORY Loan" represents a term loan for the principal amount of US$26 million for financing the acquisition costs of GH GLORY. 70% of the principal amount of the bank loan shall be repayable by 28 consecutive quarterly instalments of US$650,000 commencing three months from the drawdown date, and the remaining 30% of the principal amount of the loan to be repaid together with the last quarterly instalment. The GH GLORY Loan has been fully repaid.

3. “GH HARMONY Loan” represents a term loan for the principal amount of US$16 million for financing the acquisition costs of GH HARMONY. The principal amount of the bank loan shall be repayable by 28 consecutive quarterly instalments commencing three months from 14 July 2014. The GH HARMONY Loan has been fully repaid.

4. “GH FORTUNE/GLORY/HARMONY Loan” represents a term loan for the principal amount of US$20 million for refinancing the three vessels owned by the Group, namely, GH FORTUNE, GH GLORY and GH HARMONY. The principal amount of the bank loan shall be repayable by 20 consecutive quarterly instalments commencing three months from 24 November 2017.

5. “GH POWER Loan” represents a term loan for the principal amount of US$39 million for financing the acquisition costs of GH POWER. The principal amount shall be repaid by 43 consecutive quarterly instalments commencing three months from 11 February 2008 with final repayment date on 28 February 2019.

Charges on assets

As at 31 March 2018, the Group had pledged the following assets to banks as securities against banking facilities granted to the Group:

	2018	2017
	US$'000	*US$'000*
Property, plant and equipment	**47,755**	50,313
Pledged bank deposits	**6,782**	3,031
	54,537	53,344

Contingent liabilities

For the years ended 31 March 2018, the Inland Revenue Department (“IRD”) of Hong Kong is in the process of tax review of a subsidiary of the Group for the year of assessments 2010/2011 and 2011/2012.

After taking into account the recent developments of IRD’s review, the Directors consider that the Group’s taxation charges as at 31 March 2018 are adequate and fairly presented. If the final outcome of IRD’s review is different from the Directors’ expectation, further provision for tax and any related surcharges may be required. The Group has been closely monitoring the status of IRD’s review and will revise their expectations when preparing future financial statements in the future periods if necessary.

Save as disclosed above, the Group had no other material contingent liabilities as at 31 March 2018.

Employees' remuneration and retirement scheme arrangements

As at 31 March 2018, the Group had 95 employees (2017: 95 employees). For the year ended 31 March 2018, the total salaries and related costs (including Directors' fees and share-based payments) amounted to approximately US$4.6 million (2017: US$4.3 million). It is the Group's policy to remunerate its employees according 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.

CODE ON CORPORATE GOVERNANCE PRACTICES (THE "CG CODE")

The Company has adopted the principles and code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules as the Company's code on corporate governance practices. Throughout the year ended 31 March 2018 and up to the date of this announcement, the Company had been in compliance with the code provisions set out in the CG Code.

MODEL CODE FOR DIRECTOR'S SECURITIES TRANSACTIONS (THE "MODEL CODE")

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules 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 for the year ended 31 March 2018 and up to the date of this announcement.

DIVIDEND

The Directors did not recommend the payment of any final dividend to the shareholders of the Company for the year ended 31 March 2018.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Shares for the year ended 31 March 2018.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this announcement, there is sufficient public float of more than 25% of the Company's issued Shares as required under the Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed the accounting principles and practices adopted by the Group and the audited financial statements for the year ended 31 March 2018 and discussed auditing, internal control and financial reporting matters including with the Group's external auditors. There were no disagreements from the auditors or the Audit Committee in respect of the accounting policies adopted by the Company.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The below sections set out an extract of the report by PricewaterhouseCoopers, the auditor of the Company, regarding the consolidated financial statements of the Group for the year ended 31 March 2018.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw your attention to Note 2.1.1 to the consolidated financial statements, which states that the Group reported a net loss attributable to the equity holders of US$2,771,000 for the year ended 31 March 2018. As at the same date, the Group's current liabilities exceeded its current assets by US$18,755,000. These conditions, as set forth in Note 2.1.1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.greatharvestmg.com). The annual report of the Company for the year ended 31 March 2018 will also be despatched to the shareholders of the Company and published on the aforesaid websites in due course in accordance with the Listing Rules.

For and on behalf of the Board
Great Harvest Maeta Group Holdings Limited
Yan Kim Po
Chairman

Hong Kong, 26 June 2018

As at the date of this announcement, the executive Directors are Mr. Yan Kim Po, Ms. Lam Kwan and Mr. Cao Jiancheng; and the independent non-executive Directors are Mr. Cheung Kwan Hung, Dr. Chan Chung Bun, Bunny and Mr. Wai Kwok Hung.