Great Harvest Maeta Group Holdings Limited
榮 豐 聯 合 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3683)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

The board (the "**Board**") of directors (the "**Directors**") of Great Harvest Maeta Group Holdings Limited (the "**Company**") hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 September 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2019

		Unaudited Six months ended 30 September	
		2019	2018
	Note	***US$'000***	*US$'000*
Revenue	4	**7,095**	8,235
Cost of services		**(5,205)**	(4,319)
Gross profit		**1,890**	3,916
Other gains/(losses) — net		**664**	(658)
Other income		**11**	43
Reversal of impairment loss on property, plant and equipment		**—**	13,000
General and administrative expenses		**(1,372)**	(1,547)
Operating profit		**1,193**	14,754
Finance income		**—**	5
Finance expenses		**(2,939)**	(2,940)
Finance costs, net		**(2,939)**	(2,935)

	Note	Unaudited Six months ended 30 September 2019 US$'000	2018 US$'000
(Loss)/profit before income tax		**(1,746)**	11,819
Income tax expense	5	**(166)**	(180)
(Loss)/profit for the period		**(1,912)**	11,639
(Loss)/profit attributable to:			
— Owners of the Company		**(1,938)**	11,627
— Non-controlling interests		**26**	12
		(1,912)	11,639
Other comprehensive loss for the period			
Items that may be reclassified to profit or loss			
Currency translation differences		**(2,131)**	(4,098)
Total comprehensive (loss)/income for the period		**(4,043)**	7,541
Total comprehensive (loss)/income attributable to:			
— Owners of the Company		**(3,877)**	7,899
— Non-controlling interest		**(166)**	(358)
		(4,043)	7,541
(Loss)/earnings per share attributable to owners of the Company			
— Basic (loss)/earnings per shares	6(a)	**(US$0.20 cent)**	US$1.25 cents
— Diluted (loss)/earnings per shares	6(b)	**(US$0.20 cent)**	US$1.03 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2019

	Note	Unaudited 30 September 2019 *US$'000*	Audited 31 March 2019 *US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**56,158**	57,895
Investment properties		**63,199**	65,701
Pledged bank deposits		**1,962**	2,031
Pledged deposit		**500**	—
		121,819	125,627
Current assets			
Trade and other receivables	8	**1,165**	1,674
Pledged bank deposits		**2,504**	4,109
Cash and cash equivalents		**1,923**	2,597
		5,592	8,380
Total assets		**127,411**	134,007
EQUITY			
Equity attributable to owners of the Company			
Share capital		**1,221**	1,221
Reserves		**28,015**	31,892
		29,236	33,113
Non-controlling interest		**3,822**	3,988
Total equity		**33,058**	37,101

	Note	Unaudited 30 September 2019 US$'000	Audited 31 March 2019 US$'000
LIABILITIES			
Non-current liabilities			
Borrowings and loans		**20,969**	18,893
Convertible bonds		**46,109**	43,975
Deferred income tax liabilities		**15,028**	15,615
		82,106	78,483
Current liabilities			
Other payables and accruals		**6,553**	6,495
Borrowings and loans		**5,694**	11,928
		12,247	18,423
Total liabilities		**94,353**	96,906
Total equity and liabilities		**127,411**	134,007

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

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

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

The condensed consolidated interim financial information is presented in United States dollars, unless otherwise stated.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2019 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2.1 Going concern basis

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

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

The directors of the Company have reviewed the Group's cash flow projections in which the volatility of the shipping market has been considered, which cover a period of twelve months from 30 September 2019. The directors are of the opinion that, after taking into account the following plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within twelve months from 30 September 2019:

(i) On 31 March 2019, the ultimate holding company of the Group, together with the Company's two directors, Mr. Yan Kim Po and Ms. Lam Kwan, (collectively, the "Guarantors"), entered into a deed of funding undertakings to provide funding to the Group. The funding notice could be issued at the discretion of the Company to the ultimate holding company and the Guarantors and the total amount of funding undertakings shall not exceed US$30,000,000. The funding deed is effective until 31 March 2021.

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

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

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

(ii) The Group does not have any significant capital or other commitment as at 30 September 2019. In respect of the Group's investment properties development in Hainan, the Group is in the process of applying for the land development approval. The Group does not have any significant commitment for capital expenditure of such developments at this stage and no significant expenditures in relation to such development will be committed by the Group before securing the necessary funding.

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

The directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the twelve months from 30 September 2019. Accordingly, the directors are satisfied that it is appropriate to prepare the condensed consolidated interim financial information on a going concern basis.

Notwithstanding the above, significant uncertainty exists as to whether management of the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

(i) Whether the ultimate holding company and the Guarantors will be able to provide further funding of up to US$25,000,000 to the Group as and when needed which will be repayable beyond twelve months from 30 September 2019;

(ii) Whether the Group can successfully apply for the land development approval for the Group's investment properties development in Hainan and successfully raise financing as and when required for the development of the investment properties;

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

(iv) Whether the Group can obtain additional sources of financing or bank borrowings as and when needed.

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

3 ACCOUNTING POLICIES

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

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

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

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

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

		Effective for accounting periods beginning on or after
Amendments to HKFRS 3 (Revised)	Definition of a business (amendments)	1 April 2020
HKFRS 17	Insurance contracts (new standard)	1 April 2021
Conceptual Framework for Financial Reporting 2018	Revised conceptual Framework for Financial reporting	1 April 2020
Amendments to HKAS 1 and HKAS 8	Definition of material (amendments)	1 April 2020
Amendments to HKFRS 10 and HKAS 28	Sales or contribution of assets between an investor and its associate or joint venture (amendments)	To be determined

The Group will apply these standards, interpretation and amendments to existing standards as and when they become effective. The Group has already commenced an assessment of the related impact to the Group and it is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted.

(c) Changes in accounting policies

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

Adoption of HKFRS 16

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

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

(i) Practiced expedients applied

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

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

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

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

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

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

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

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

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

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

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

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

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

Extension and termination options

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

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

4 REVENUE AND SEGMENT INFORMATION

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

The operating segments comprise:

— Chartering of vessels

— Property investment and development

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

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

Segment assets are those operating assets that are employed by a segment in its operating activities. Segment assets excludes corporate assets, which are managed on a central basis. Segment assets reported to the Directors are measured in a manner consistent with that in the condensed consolidated interim financial information. No analysis of segment liabilities is presented as it is not regularly provided to the executive directors.

(a) Segment revenue, results and other information

	Chartering of vessels *US$'000*	**Property investment and development** *US$'000*	**Others** *US$'000*	**Total** *US$'000*
Six months ended 30 September 2019				
Revenue	**7,095**	**—**	**—**	**7,095**
Segment profit/(loss)	**442**	**(1,682)**	**(506)**	**(1,746)**
Depreciation	**(1,713)**	**(21)**	**—**	**(1,734)**
Finance expenses	**(646)**	**(2,134)**	**(159)**	**(2,939)**
Six months ended 30 September 2018				
Revenue	8,235	—	—	8,235
Segment profit/(loss)	13,896	(1,634)	(443)	11,819
Depreciation	(1,246)	(22)	—	(1,268)
Finance income	5	—	—	5
Finance expenses	(848)	(1,942)	(150)	(2,940)

(b) Segment assets

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

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

(c) Geographical information

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

5 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2018: 16.5%) on the estimated assessable profit for the six months ended 30 September 2019. The subsidiary established in the PRC is subject to corporate income tax rate of 25% (six months ended 30 September 2018: 25%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

	Six months ended 30 September	
	2019	2018
	US$'000	*US$'000*
Current income tax		
— Hong Kong profits tax	**—**	—
Deferred income tax	**166**	180
Income tax expense	**166**	180

6 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

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

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

(b) Diluted (loss)/earnings per share

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

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

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

7 DIVIDENDS

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

8 TRADE AND OTHER RECEIVABLES

	As at	
	30 September 2019	31 March 2019
	US$'000	*US$'000*
Trade receivables	**132**	802
Less: Provision for impairment of trade receivables	**(31)**	(31)
Trade receivables, net	**101**	771
Prepayments and deposits	**1,374**	756
Other receivables	**182**	139
Other receivables from related companies	**8**	8
	1,665	1,674
Less: non-current pledged deposit	**(500)**	—
	1,165	1,674

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

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

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

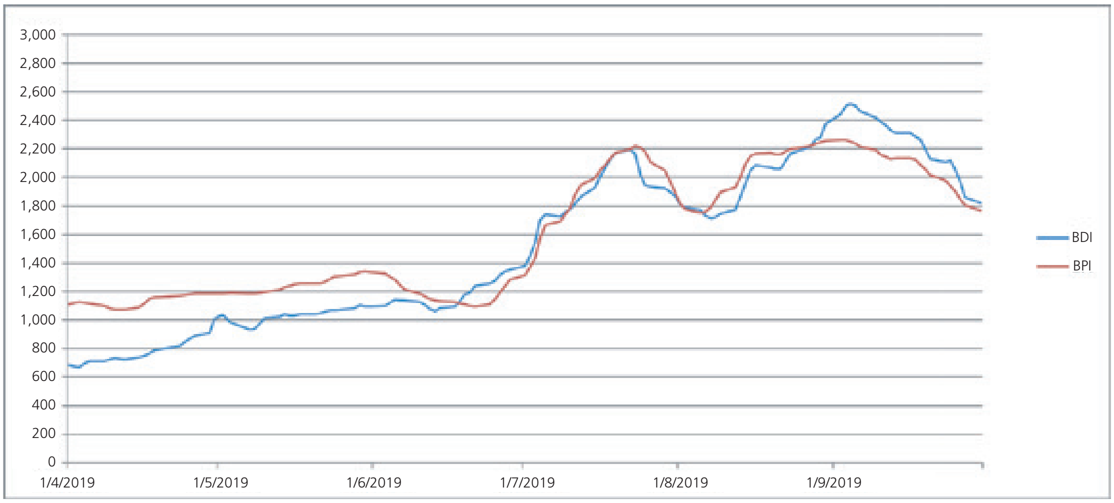
As at 30 September 2019 and 31 March 2019, the ageing analysis of trade receivables based on invoice date was as follows:

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

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

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



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

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

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

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

Business Review

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

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

Market Outlook

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

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

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

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

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

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

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

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

Financial Review

Revenue

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

Cost of services

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

Gross profit

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

General and administrative expenses

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

Finance costs

Finance costs of the Group remained stable and amounted to approximately US$2.9 million for the six months ended 30 September 2019 (for the six months ended 30 September 2018: approximately US$2.9 million). The increase in interest expense of the convertible bonds in principal amount of US$54 million issued in May 2016 ("Top Build Convertible Bonds") was compensated by the decrease in bank loan interest expenses.

(Loss)/Profit for the period

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

Liquidity, financial resources, capital structure and gearing ratio

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

As at 30 September 2019 and 31 March 2019, the Group had a gearing ratio (being the bank loans and other borrowings of the Group divided by the total assets of the Group) of about 57.1% and 55.8% respectively. The increase in gearing ratio as at 30 September 2019 was mainly due to the restructuring of borrowing for GH POWER, valuation of investment property, and the amortized cost of Top Build Convertible Bonds.

The Group recorded net current liabilities of about US$6.7 million as at 30 September 2019 and approximately US$10.0 million as at 31 March 2019. On 29 March 2019, Bryance Group Limited, a wholly-owned subsidiary of the Company, has entered into a new borrowing agreement of US$4.27 million for refinancing the GH POWER loan under a facility agreement dated 25 January 2008. After the drawdown of this New GH

POWER Loan, the then GH POWER Loan was fully repaid. The refinancing of GH Power Loan has reduced the amount of both pledged bank deposit and the current portion of borrowings and loans.

The management maintains continuous relationship with the banks and the Directors are of the opinion that bank borrowings will continue to be available to the Group for the next twelve months from 30 September 2019.

The Group monitors the current and expected liquidity requirements regularly to mitigate the effects of fluctuations in cash flows. The Company has entered into four loan facility agreements with Ablaze Rich Investments Limited ("Ablaze Rich") on 19 January 2017, 12 April 2017, 15 January 2018 and 17 April 2019 for loan facilities in the total amount of US$3.0 million (the "First Facility"), US$3.0 million (the "Second Facility"), US$1.5 million (the "Third Facility") and US$2.0 million (the "Fourth Facility") respectively. The First Facility and Second Facility were extended on 18 January 2019 and 29 March 2019 respectively. The full loan amount had been drawn down by the Company under the First Facility, Second Facility and the Third Facility. As at 30 September 2019, US$0.5 million of the loan amount had been drawn by the Company under the Fourth Facility. The First Facility will be repayable on an extended repayment date which is on or before 18 January 2021, the Second Facility will be repayable on an extended repayment date which is on or before 28 March 2021, the Third Facility will be repayable on or before 16 January 2020 and the Fourth Facility will be repayable on or before 17 April 2021. These loan facilities were unsecured and carried an interest of 4% per annum. The drawn amount under the First Facility, Second Facility, Third Facility and Fourth Facility had not been repaid yet. The disinterested members of the Board (including the independent non-executive directors) consider that as the First Facility, the Second Facility, the Third Facility and the Fourth Facility are all on normal commercial terms or better and are not secured by the assets of the Group, the receipt of financial assistance by the Group thereunder are fully exempt under Rule 14A.90 of the Listing Rules.

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

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

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

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

Convertible Bonds

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

As at 30 September 2019, the entire principal amount of the Top Build Convertible Bonds remained outstanding.

Exposure to fluctuations in exchange rate risk and related hedges

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

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

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

Pursuant to Rule 13.18 of the Listing Rules, a general disclosure obligation will arise where an issuer or any of its subsidiaries enters into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholders, such as a requirement to maintain a specified minimum holding in the share capital of the issuer. As at 30 September 2019, the Group recorded outstanding bank loans and loan from a financial institution of about US$18.4 million and all these loans carried interest at floating rate. The New GH POWER loan agreement was entered into on 29 March

2019. These loans, namely the New GH POWER Loan and the GH FORTUNE/GLORY/HARMONY Loan, were for financing the acquisition costs of vessels of the Group and were secured by, inter alia, the following:

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

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

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

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

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

Notes:

1. "GH FORTUNE/GLORY/HARMONY Loan" represents a term loan for the principal amount of US$20.0 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.

2. "GH POWER Loan" represents a term loan for the principal amount of US$39.0 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.

3. "New GH POWER Loan" represents a term loan for the principal amount of US$4.27 million for refinancing a vessel owned by the Group, namely GH POWER. The principal amount shall be repaid by 14 consecutive quarterly instalments commencing three months from 11 April 2019.

Charges on assets

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

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

Contingent liabilities

For the period ended 30 September 2019, the Inland Revenue Department ("IRD") of Hong Kong is in the process of tax review of a subsidiary of the Group for the year of assessments 2010/2011, 2011/2012 and 2012/2013.

After taking into account the recent developments of IRD's review, the Directors consider that the Group's taxation charges as at 30 September 2019 are adequate and fairly presented. If the final outcome of IRD's review is different from the Directors' expectation, further provision for tax and any related surcharges may be required. The Group has been closely monitoring the status of IRD's review and will revise their expectations when preparing future financial statements in the future periods if necessary.

Save as disclosed above, there were no other material contingent liabilities for the Group as at 30 September 2019.

Interim dividend

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

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2019.

Employees' remuneration and retirement scheme arrangements

As at 30 September 2019, the Group had a total of 105 employees (as at 30 September 2018: 104 employees). For the six months ended 30 September 2019, the total salaries and related costs (including Directors' fees) amounted to approximately US$2.3 million (as at 30 September 2018: US$2.3 million). It is the Group's policy to remunerate its employees with reference to the relevant market situation, and accordingly the remuneration level of the Group's employees remains at a competitive level and is adjusted in accordance with the employees' performance. Other benefits offered by the Group include mandatory provident fund scheme and medical insurance.

CORPORATE GOVERNANCE

The Company has adopted the principles and code provisions of the Corporate Governance Code ("CG Code") contained in Appendix 14 to the Listing Rules as the Company's code on corporate governance practices. Throughout the six months ended 30 September 2019, the Company has been in compliance with the code provisions set out in the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS ("MODEL CODE")

The Company has adopted the Model Code contained 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 throughout the six months ended 30 September 2019.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed the unaudited condensed consolidated financial information of the Group for the six months ended 30 September 2019, which has also been reviewed by the Group's auditors, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

EXTRACT OF THE DRAFT REVIEW REPORT BY PRICEWATERHOUSECOOPERS ON THE GROUP'S INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

Conclusion

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

Emphasis of Matter

We draw your attention to Note 2.1 to the interim financial information, which states that the Group's current liabilities exceeded its current assets by US$6,655,000 as at 30 September 2019 which included borrowings and loans of US$5,694,000 repayable within one year, while the Group's cash and cash equivalents balance was US$1,923,000. These conditions, as set forth in Note 2.1 to the interim financial information, indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company's website (www.greatharvestmg.com). The interim report of the Company for the six months ended 30 September 2019 will also be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

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

Hong Kong, 27 November 2019

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.