Great Harvest Maeta Holdings Limited
榮 豐 億 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3683)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of Great Harvest Maeta 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 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2023

		Six months ended 30 September	
		2023	2022
	Note	***US$'000***	*US$'000*
		(Unaudited)	(Unaudited)
Revenue	4	**6,639**	10,790
Cost of services		**(6,857)**	(8,194)
Gross (loss)/profit		**(218)**	2,596
Other gains		**5**	2,588
Other income		**95**	91
General and administrative expenses		**(1,281)**	(1,438)
Impairment losses on property, plant and equipment		**(2,644)**	(670)
Operating (loss)/profit		**(4,043)**	3,167

	Note	Six months ended 30 September 2023 US$'000 (Unaudited)	2022 US$'000 (Unaudited)
Finance income		**19**	5
Finance costs		**(2,661)**	(1,721)
Finance costs-net		**(2,642)**	(1,716)
(Loss)/profit before income tax		**(6,685)**	1,451
Income tax expense	5	**–**	(4)
(Loss)/profit for the period		**(6,685)**	1,447
(Loss)/profit attributable to:			
Owners of the Company		**(6,679)**	1,455
Non-controlling interest		**(6)**	(8)
		(6,685)	1,447
Other comprehensive expense for the period			
Item that may be reclassified subsequently to profit or loss			
Currency translation differences		**(2,014)**	(5,399)
Total comprehensive expense for the period		**(8,699)**	(3,952)
Total comprehensive expense attributable to:			
Owners of the Company		**(8,512)**	(3,458)
Non-controlling interest		**(187)**	(494)
		(8,699)	(3,952)
(Loss)/earnings per share attributable to owners of the Company			
Basic (loss)/earnings per share	6	**(US0.70 cents)**	US0.153 cents
Diluted (loss)/earnings per share	6	**(US0.70 cents)**	US0.002 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	Note	**30 September 2023** **US$'000** **(Unaudited)**	31 March 2023 *US$'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**49,852**	55,175
Investment properties		**67,664**	70,655
Right-of-use assets		**210**	285
Pledged bank deposits		**530**	516
		118,256	126,631
Current assets			
Trade receivables, deposits, prepayments and other receivables	8	**3,653**	4,320
Cash and cash equivalents		**1,995**	2,041
		5,648	6,361
Total assets		**123,904**	132,992
EQUITY			
Equity attributable to owners of the Company			
Share capital		**1,221**	1,221
Reserves		**16,777**	25,289
		17,998	26,510
Non-controlling interest		**4,040**	4,227
Total equity		**22,038**	30,737

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Great Harvest Maeta Holdings Limited and its subsidiaries (together, the "**Group**") are principally engaged in chartering of dry bulk vessels and property investment and development. The principal activity of the Company is investment holding. Its parent is Ablaze Rich Investments Limited ("**Ablaze Rich**") (incorporated in British Virgin Islands) and the ultimate controlling parties are Mr. Yan Kim Po ("**Mr. Yan**") and Ms. Lam Kwan ("**Ms. Lam**").

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

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

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

2. BASIS OF PREPARATION

These condensed consolidated financial statements of the Group for the six months ended 30 September 2023 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The condensed consolidated financial statements do not include all the notes of the type normally included in an annual consolidated financial statements. Accordingly, the condensed consolidated financial statements are to be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2023 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") and any public announcements made by the Company during the interim reporting period.

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

2.1 Going concern basis

Pursuant to a supplemental settlement agreement dated 29 June 2022 ("**Supplemental Settlement Agreement**") entered into among the Company, Mr. Yan, Ms. Lam, Ablaze Rich (as the guarantors) and the bondholder, the Company shall settle the outstanding redemption amount of the convertible bonds (which amounted to US$51,230,000 as at the date of the Supplemental Settlement Agreement) by repaying the bondholder (i) US$5,000,000 in cash in 10 quarterly instalments of US$500,000 each; and (ii) the remaining balance of US$46,230,000 and all accumulated interest, both to be paid in cash in one lump sum on 31 December 2024. The Company has made repayment to bondholder for first three quarterly instalments of a total of US$1,500,000. However, the Company has not repaid to the bondholder the fourth quarterly instalment which was due on 31 March 2023. It resulted in convertible bonds with an amount of US$2,500,000 with original contractual repayment dates of within one year and amount of US$50,239,000 with original contractual repayment dates after one year from 31 March 2023, that would become immediately repayable in accordance with the relevant Supplemental Settlement Agreement.

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

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

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

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

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

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

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

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

(i) Financing through ultimate holding company

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

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

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

(ii) Financing through banks and capital market

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

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

(iii) Enhancement of operation of chartering business

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

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

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

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

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

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

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES

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

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

Application of new and amendments to HKFRSs

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

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

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

4. REVENUE AND SEGMENT INFORMATION

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

The operating segments comprise:

– Chartering of vessels

– Property investment and development

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

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

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

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

(a) Segment revenue, results and other information

	Chartering of vessels	Property investment and development	Unallocated	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Six months ended 30 September 2023 (unaudited)				
Revenue recognised over-time	**6,639**	**–**	**–**	**6,639**
Depreciation of property, plant and equipment	**(2,679)**	**–**	**–**	**(2,679)**
Impairment losses on property, plant and equipment	**(2,644)**	**–**	**–**	**(2,644)**
Finance costs	**(534)**	**(1,990)**	**(137)**	**(2,661)**
Segment loss before income tax	**(4,248)**	**(2,059)**	**(378)**	**(6,685)**
Income tax expense				**–**
Loss for the period				**(6,685)**
Six months ended 30 September 2022 (unaudited)				
Revenue recognised over time	10,790	–	–	10,790
Depreciation of property, plant and equipment	(3,359)	(1)	–	(3,360)
Impairment losses on property, plant and equipment	(670)	–	–	(670)
Gain on modification of convertible bonds	–	2,588	–	2,588
Finance costs	(410)	(1,158)	(153)	(1,721)
Segment profit/(loss) before income tax	915	1,335	(799)	1,451
Income tax expense				(4)
Profit for the period				1,447

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

(b) Segment assets

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

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

(c) Revenue from major services

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

(d) Geographical information

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

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

5. INCOME TAX EXPENSE

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

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

6. (LOSS)/EARNINGS PER SHARE

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

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

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

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

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

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

7. DIVIDENDS

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

8. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

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

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

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

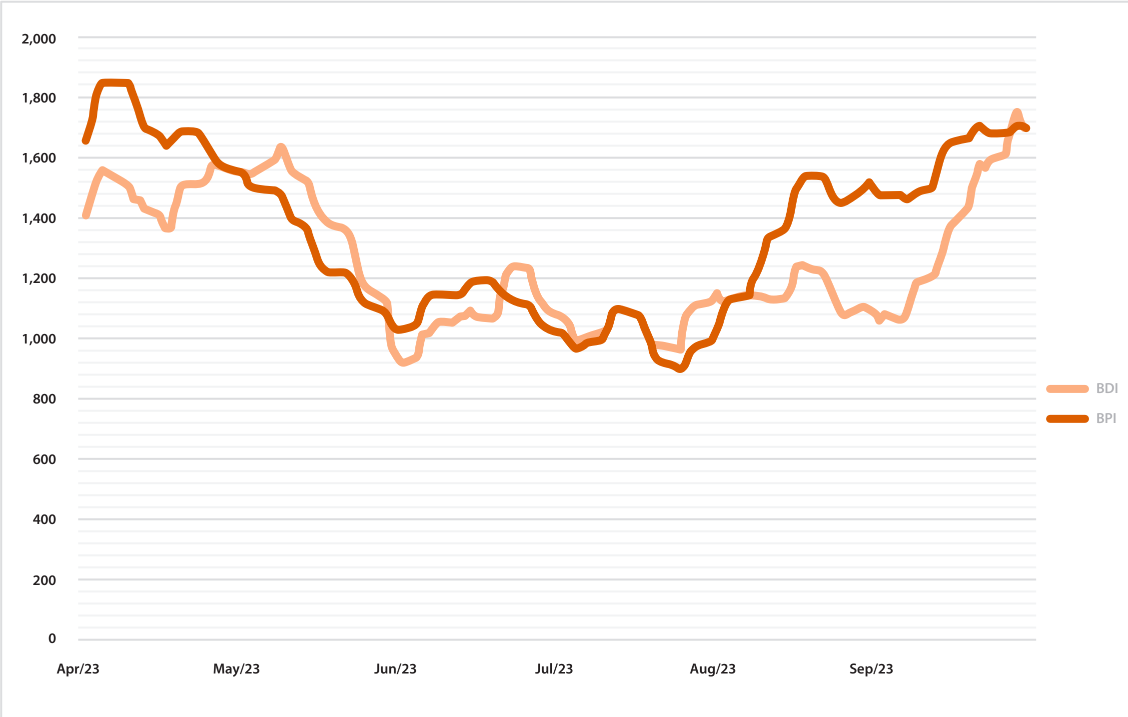
The carrying amounts of trade receivables, deposits and other receivables approximate their fair values and are mainly denominated in US$.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

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



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

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

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

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

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

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

Business Review

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

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

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

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

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

Market Outlook

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

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

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

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

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

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

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

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

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

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

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

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

Financial Review

Revenue

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

Cost of services

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

Gross (loss)/profit

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

General and administrative expenses

General and administrative expenses of the Group decreased from approximately US$1.4 million for the six months ended 30 September 2022 to approximately US$1.3 million for the six months ended 30 September 2023, representing a decrease of approximately US$0.1 million or approximately 10.9%. The decrease in administrative cost was mainly due to the reduction in legal and professional fees which was partially offset by increase in staff cost during the period.

Provision for impairment losses on property, plant and equipment

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

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

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

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

Impairment Assessment:

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

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

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

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

– Type: Each vessel type is modelled independently.

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

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

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

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

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

Finance costs

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

(Loss)/profit for the period

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

Earnings before interest, taxes, depreciation, amortisation, computed to exclude impairment losses on property, plant and equipment ("EBITDA")

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

Convertible Bonds

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

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

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

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

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

Liquidity, financial resources, capital structure and gearing ratio

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

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

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

On 30 April 2021, United Edge Holdings Limited and Way Ocean Shipping Limited, each being a wholly-owned subsidiary of the Company, have entered into a term loan for the principal amount of US$14.75 million for refinancing of the Group's bank borrowings in relation to two vessels owned by the Group, namely GH GLORY and GH HARMONY (the "**GH GLORY/HARMONY Loan**"). The principal amount of the GH GLORY/HARMONY Loan shall be repaid by quarterly instalments commencing 30 June 2021. The GH GLORY/HARMONY Loan is also subject to compliance of certain restrictive financial undertakings which the Group will continue to monitor.

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

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

The Group monitors the current and expected liquidity requirements regularly to mitigate the effects of fluctuations in cash flows. The Company has entered into six loan facility agreements with Ablaze Rich, a controlling shareholder of the Company, on 19 January 2017, 12 April 2017, 15 January 2018, 17 April 2019, 28 February 2020 and 23 June 2020 for six loan facilities (collectively, the "**Facilities**") in the amounts of US$3.0 million (the "**First Facility**"), US$3.0 million (the "**Second Facility**"), US$1.5 million (the "**Third Facility**"), US$2.0 million (the "**Fourth Facility**"), US$2.0 million (the "**Fifth Facility**") and US$3.0 million (the "**Sixth Facility**") respectively. The First Facility, the Second Facility and the Sixth Facility were extended on 30 March 2023.

The full loan amount had been drawn down by the Company under the First Facility, the Second Facility, the Third Facility, the Fourth Facility and the Fifth Facility. As at 30 September 2023, US$2.0 million of the loan amount had been drawn down by the Company under the Sixth Facility.

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

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

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

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

Exposure to fluctuations in exchange rate risk and related hedges

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

The Group has not entered into any arrangements to hedge for the future fluctuations of London Interbank Offered Rate or Secured Overnight Financing Rate or Hong Kong Dollars Best Lending Rate or cost of fund arising from the Group's variable-rate borrowings.

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

Pursuant to Rule 13.18 of the Listing Rules, a general disclosure obligation will arise where an issuer or any of its subsidiaries enters into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholders, such as a requirement to maintain a specified minimum holding in the share capital of the issuer. As at 30 September 2023, the Group recorded outstanding bank loans of about US$10.7 million and all these loans carried interest at floating rate.

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

- First preferred mortgages over the vessels held by the Group;

- Assignment of the charter-hire income and insurance in respect of the vessels held by the Group; and

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

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

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

Charges on assets

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

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

Contingent liabilities

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

Interim dividend

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

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

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

Employees' remuneration and retirement scheme arrangements

As at 30 September 2023, the Group had a total of 103 employees (as at 30 September 2022: 97 employees). For the six months ended 30 September 2023, the total salaries and related costs (including Directors' fees) amounted to approximately US$2.8 million (as at 30 September 2022: US$3.0 million). It is the Group's policy to remunerate its employees with reference to the relevant market situation, and accordingly the remuneration level of the Group's employees remains at a competitive level and is adjusted in accordance with the employees' performance. Other benefits offered by the Group include mandatory provident fund scheme and medical insurance.

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and code provisions set out in the Corporate Governance Code contained in Part 2 of Appendix 14 to the Listing Rules (the **"CG Code"**). The Board also reviews and monitors the practices of the Company from time to time with an aim to maintain and improve the Company's standards of corporate governance practices.

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

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

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

COMPLIANCE WITH THE MODEL CODE 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 2023.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has reviewed the unaudited condensed consolidated financial information of the Group for the six months ended 30 September 2023, which has also been reviewed by the Group's auditors, CL Partners CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. CHEUNG Kwan Hung, Dr. CHAN Chung Bun, Bunny and Ms. WONG Tsui Yue Lucy, with Mr. CHEUNG Kwan Hung as its chairperson.

EXTRACT OF THE DRAFT REVIEW REPORT BY CL PARTNERS CPA LIMITED ON THE GROUP'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Material Uncertainty Related to Going Concern

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

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

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 2023 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 Holdings Limited
Lam Kwan
Chairperson

Hong Kong, 29 November 2023

As at the date of this announcement, the executive Directors are Ms. Lam Kwan and Mr. Pan Zhongshan; and the independent non-executive Directors are Mr. Cheung Kwan Hung, Dr. Chan Chung Bun, Bunny and Ms. Wong Tsui Yue Lucy.