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 2016

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 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2016

		Unaudited Six months ended 30 September	
	Note	**2016**	2015
		US$'000	*US$'000*
			(Restated)
Revenue	3	**3,816**	4,540
Cost of services		**(4,807)**	(7,275)
Gross loss		**(991)**	(2,735)
Other gains/(losses) — net		**259**	(582)
Other income		**14**	111
General and administrative expenses		**(1,197)**	(1,957)
Impairment loss on property, plant and equipment		**(16,000)**	(5,100)
Operating loss		**(17,915)**	(10,263)
Finance income		**—**	2
Finance costs		**(1,985)**	(1,158)
Finance costs — net		**(1,985)**	(1,156)
Loss before income tax		**(19,900)**	(11,419)
Income tax (expense)/credit	4	**(168)**	154

	Note	Unaudited Six months ended 30 September **2016** ***US$'000***	 2015 *US$'000* (Restated)
Loss for the period		**(20,068)**	(11,265)
Attributable to:			
— Owners of the Company		**(20,101)**	(11,221)
— Non-controlling interests		**33**	(44)
		(20,068)	(11,265)
Loss per share attributable to owners of the Company			
— Basic and diluted	5	**2.19**	1.28
Loss for the period		**(20,068)**	(11,265)
Items that may be reclassified to profit or loss			
Currency translation differences		**(1,440)**	(1,644)
Loss for the period and total comprehensive loss for the period		**(21,508)**	(12,909)
Attributable to:			
— Owners of the Company		**(21,411)**	(12,717)
— Non-controlling interest		**(97)**	(192)
		(21,508)	(12,909)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

	Note	Unaudited 30 September 2016 US$'000	31 March 2016 US$'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment		**50,604**	68,475
Investment properties		**61,555**	63,094
Pledged bank deposits		**1,750**	1,750
		113,909	133,319
Current assets			
Trade and other receivables	7	**1,048**	1,367
Amount due from related companies		**8**	8
Loan receivables		**—**	6,795
Pledged bank deposits		**1,302**	1,563
Cash and cash equivalents		**2,132**	880
		4,490	10,613
Total assets		**118,399**	143,932
EQUITY			
Equity attributable to owners of the Company			
Share capital		**1,176**	1,174
Reserves		**18,769**	73,658
		19,945	74,832
Non-controlling interest		**3,899**	3,996
Total equity		**23,844**	78,828
LIABILITIES			
Non-current liabilities			
Borrowings		**19,932**	—
Derivative financial instruments		**136**	213
Convertible bonds		**38,936**	3,810
Deferred income tax liabilities		**14,767**	15,131
		73,771	19,154
Current liabilities			
Amount due to related companies		**3,485**	3,599
Other payables and accruals		**1,212**	1,181
Borrowings		**16,087**	41,170
		20,784	45,950
Total liabilities		**94,555**	65,104
Total equity and liabilities		**118,399**	143,932

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 unaudited condensed consolidated interim financial information is presented in US dollars, unless otherwise stated.

On 10 May 2016, the Group completed the acquisition of the entire issued share capital of Top Build Group Ltd ("**Top Build**") and its subsidiaries (collectively "**Top Build Group**") of which Mr. Yan Kim Po and Ms. Lam Kwan are ultimate controlling shareholders. The acquisition is considered as a business combination under common control, which is accounted for using merger accounting method in accordance with the guidance set out in Accounting Guideline 5 'Merger accounting for common control combinations' ("**AG5**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The comparative amounts in the unaudited condensed consolidated interim financial information are restated.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2016 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34, "Interim financial reporting" issued by HKICPA and the principles of merger accounting as prescribed in AG5.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**").

2.1 Going concern basis

For the period ended 30 September 2016, the Group recorded a net loss attributable to the equity holders of US$20,101,000 and had net cash inflows from operating activities of US$6,687,000. As at the same date, the Group's current liabilities exceeded its current assets by US$16,294,000.

As at 30 September 2016, the Group had total outstanding bank borrowings amounted to US$36,019,000. During the period, the Group has failed to comply with restrictive undertaking clauses set out in the loan agreements in connection with the ratio of vessel's market value together with value of security to outstanding borrowing amount (the "**Vessel Ratio**"). In respect of bank borrowings of US$24,571,000, management has taken the necessary remedial actions and successfully negotiated with the relevant bank in July 2016 to revise the restrictive undertaking requirements and to waive the compliance with the Vessel Ratio up to 30 November 2016. In respect of the remaining bank borrowing of approximately US$11,448,000, the Group has not obtained a waiver from the bank from complying with the Vessel Ratio requirement up to the date of the approval of these condensed consolidated interim financial information. Pursuant to the relevant loan agreement, this bank borrowing may become immediately repayable if the Group fails to take remedial actions by repaying the bank borrowings or increasing pledged deposits within a period of time. In accordance with the requirements of HKAS 1 "Presentation of Financial Statements", bank borrowing with original maturity after 30 September 2017 of approximately US$10,315,000 has been reclassified as current liabilities.

Moreover, the Group had convertible bonds of US$38,936,000 as at 30 September 2016. Pursuant to the convertible bond agreements, the bondholders have the right to demand for immediate repayment should there be any default events happened in respect of other borrowings of the Group.

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

The directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from 30 September 2016. The directors are of the opinion that, after taking into account the following plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 30 September 2016:

(i) In respect of the bank borrowings of US$24,571,000, the Group will continue to monitor its compliance with the restrictive undertaking conditions after the expiry of the waiver on 30 November 2016. Should the Group be unable to comply with these restrictive undertakings, the directors plan to negotiate with the bank and will seek to revise these undertakings or obtain a waiver of compliance with the Vessel Ratio requirement from the bank.

(ii) In respect of the bank borrowings of US$11,448,000, so far the Group did not receive any communication from the relevant bank. Should the bank require any remedial actions, the directors plan to negotiate with the banks and will seek to revise the existing undertakings or obtain a waiver of the compliance with the Vessel Ratio requirement.

(iii) On 30 September 2016, the existing convertible bondholders confirmed that they do not have the intention and will not exercise their rights to demand for immediate repayment of the convertible bonds even if the events allowing such rights to demand happen in the next fourteen months from 30 September 2016.

(iv) On 30 September 2016, Ablaze Rich Investments Limited, the ultimate holding company of the Group, together with the Company's two directors, Mr. Yan Kim Po and Ms. Lam Kwan, (collectively, the "**Guarantors**"), entered into a deed of funding undertakings to provide funding to the Group. The funding notice could be issued at the discretion of the Company to Ablaze Rich Investments Limited and the Guarantors within fourteenth months of the date of the deed. The total amount of funding undertakings shall not exceed US$30,000,000.

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

    The undertakings shall cease to have effect after fourteenth 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.

(v) The Group has been negotiating with a bank to issue convertible bonds of US$35,000,000 with a maturity period of thirty-six months. The directors of the Company expect that the issuance of the convertible bonds will be completed by the end of December 2016.

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

The directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from 30 September 2016. 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 exist as to whether management of the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through achieving the following plans:

(i) Successful negotiation with the banks to obtain wavier or to revise the existing terms and conditions of the bank borrowings for the continuous compliance of the restrictive undertaking requirements as and when needed such that the existing bank loans will continue to be available to the Group and be repaid in accordance with the agreed repayment schedules;

(ii) Ablaze Rich Investments Limited and the Guarantors will be able to provide the funding advance of up to US$30,000,000 to the Group as and when needed which will be repayable beyond twelve months from the balance sheet date.

(iii) Successful issuance of the convertible bonds as planned by December 2016 and in any case no later than twelve months from the date of report; and

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

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

2.2 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2016, as described in those annual financial statements.

(a) Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(b) *Common control business combinations*

The condensed consolidated interim financial information incorporate the financial information of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party, as prescribed in AG 5.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The difference between fair value of acquisition consideration and carrying amount of net assets acquired is adjusted to equity with merger reserve.

The condensed consolidated statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the condensed consolidated interim financial information are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated on consolidation.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred.

(c) Investment properties

Investment property, principally comprising leasehold land, is held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the income statement as part of a valuation gain or loss in 'other gains/(losses) — net'.

(d) Compound financial instruments — convertible bonds

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component, which is included in shareholders' equity in 'Convertible bonds'. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

The liability component of a convertible instrument is classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(e) The following amendments to standards and annual improvements are mandatory for the first time for the financial year beginning 1 April 2016 and currently relevant to the Group:

HKAS 1 Amendment	Disclosure initiative
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation
HKAS 16 and HKAS 41 (Amendment)	Agriculture: bearer plants
HKAS 27 Amendment	Equity method in separate financial statements
HKFRS 10, HKFRS12 and HKAS 28 (Amendment)	Investments entities applying the consolidation exception
HKFRS 11 Amendment	Accounting for acquisitions of interests in joint operations
HKFRS 14	Regulatory deferral accounts
Annual improvements project	Annual improvements 2012–2014 cycle

The Group has adopted these standards and amendments to standard and the adoption of such did not have significant impacts on the Group's results and financial position.

There are no other new standards or amendments to standards that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

(f) The following new standards, amendments to standards and annual improvement have been issued but are not effective for the financial year beginning 1 April 2016 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 7 (Amendment)	Cash flow statement — disclosure initiative	1 April 2017
HKAS 12 (Amendment)	Income tax — recognition of deferred tax assets for unrealised losses	1 April 2017
HKFRS 2 (Amendment)	Share-based payment	1 April 2018
HKFRS 9	Financial instruments	1 April 2018
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	Note
HKFRS 15	Revenue from contracts with customers	1 April 2018
HKFRS 16	Leases	1 April 2019

Note: To be announced by HKICPA

The Group is in the process of assessing the financial impact of the adoption of the above new standards and amendments to standards. The Group will adopt the new standards, amendments to standards when they become effective.

3 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 resources allocation.

The operating segments comprise:

— Chartering of vessels

— Property investment and development

— Others primarily comprise the money lending business

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers (i.e. executive directors) in order to allocate resources to segments and to assess their performance. The money lending business does not meet the quantitative threshold required by HKFRS 8 for reportable segment, management concluded that this segment should not be reported.

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 liabilities are those operating liabilities that result from operating activities of a segment. Segment assets and liabilities exclude corporate assets and liabilities, which are managed on a central basis. Segment assets and liabilities reported to the Directors are measured in a manner consistent with that in the condensed consolidated interim financial information.

(a) Segment revenues, 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 2016				
Revenues	**3,598**	**—**	**218**	**3,816**
Segment loss	**(18,725)**	**(593)**	**(582)**	**(19,900)**
Income tax expense				**(168)**
Loss for the period				**(20,068)**
Depreciation	**(1,867)**	**(3)**	**(1)**	**(1,871)**
Impairment losses on PPE	**(16,000)**	**—**	**—**	**(16,000)**
Finance cost	**(906)**	**(1,079)**	**—**	**(1,985)**

	Chartering of vessels US$'000	Property investment and development US$'000	Others US$'000	Total US$'000
Six months ended 30 September 2015 (Restated)				
Revenues	4,540	—	—	4,540
Segment loss	(9,442)	(650)	(1,327)	(11,419)
Income tax expense				154
Loss for the period				(11,265)
Depreciation	(2,846)	(5)	(2)	(2,583)
Impairment losses on PPE	(5,100)	—	—	(5,100)
Finance cost	(1,158)	—	—	(1,158)

(b) Segment assets

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

	Chartering of vessels US$'000	**Property investment and development** US$'000	**Others** US$'000	**Total** US$'000
As at 30 September 2016				
Segment assets	**55,039**	**61,618**	**1,742**	**118,399**
As at 31 March 2016 (Restated)				
Segment assets	73,303	63,179	7,450	143,932

(c) Geographical information

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

4 INCOME TAX EXPENSE/(CREDIT)

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the six months ended 30 September 2016. The subsidiary established in the PRC is subject to corporate income tax rate of 25% (2015: 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	
	2016	2015
	US$'000	*US$'000*
		(Restated)
Current income tax		
— Hong Kong profits tax	**41**	—
Deferred income tax	**127**	(154)
Income tax expense/(credit)	**168**	(154)

5 LOSS PER SHARE

(a) Basic

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

	Six months ended 30 September	
	2016	2015
		(Restated)
Loss attributable to owners of the Company *(US$'000)*	**20,101**	11,221
Weighted average number of ordinary shares in issue *(thousands)*	**916,319**	877,047
Basic loss per share *(US cents per share)*	**2.19**	1.28

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options and convertible bonds which may result in dilutive potential ordinary shares. Its calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price 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 above 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 2016 and 2015 (as restated) equal basic loss per share as the exercise of the outstanding share options and convertible bonds would be anti-dilutive.

6 DIVIDEND

The board of directors does not recommend the payment of interim dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: Nil).

7 TRADE AND OTHER RECEIVABLES

	As at 30 September 2016 US$'000	31 March 2016 US$'000 (Restated)
Trade receivables	**345**	600
Less: Provision for impairment of trade receivables	**(16)**	(16)
Trade receivables — net	**329**	584
Prepayments and deposits	**719**	783
	1,048	1,367

The carrying amounts of trade receivables, prepayments and deposits approximate their fair values.

Time charter income is normally prepaid in advance. The credit period granted by the Group to the customers of voyage charter is within 7 days after completion of loading, signing and/or releasing bill of lading.

As at 30 September 2016 and 31 March 2016, the ageing analysis of gross trade receivables based on invoice date was as follows:

	As at 30 September 2016 US$'000	31 March 2016 US$'000 (Restated)
0–30 days	**207**	535
31–365 days	**96**	47
Over 365 days	**42**	18
	345	600

8 BUSINESS COMBINATIONS UNDER COMMON CONTROL

On 10 May 2016, the Group completed the acquisition for the entire issued share capital of Top Build, from Mr. Yan Kim Po, Ms. Lam Kwan and Mr. Yin Hai (collectively referred as "**Vendors**"), by issuing zero-coupon convertible bonds in the principal amount of US$54,000,000 ("**2016 Convertible Bonds**") to the vendors, pursuant to the sale and purchase agreement dated 23 December 2015 ("**SPA**"). Top Build Group engaged in property investment and development by holding the investment properties in Hainan province, the PRC.

The 2016 Convertible Bonds are convertible into Shares to be issued by the Company to Mr. Yan Kim Po in the principal amount of US$22,032,000, Ms. Lam Kwan in the principal amount of US$21,168,000 and Mr. Yin Hai in the principal amount of US$10,800,000 respectively. On completion date, the 2016 Convertible Bonds is recognised at its fair value of US$72,572,000.

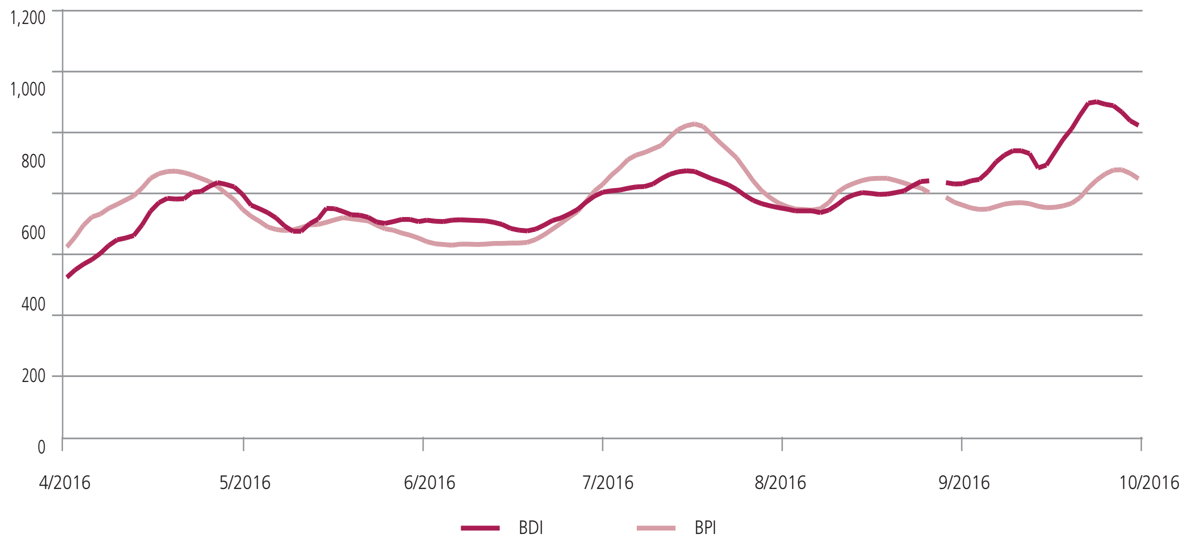
The Group and Top Build Group, the acquirees, are both under the common control of Mr. Yan Kim Po and Ms. Lam Kwan. As a result of the acquisition, the transaction is accounted for as common control business combinations, using merger accounting under AG5 for all periods presented herein.

The principal subsidiaries of Top Build on 10 May 2016 are as follows:

— Great Harvest Landmark Investment Company Limited
— Great Harvest Reality Investment Company Limited
— 海南華儲實業有限公司

Market review

Daily Variation Chart of Baltic Dry Index (BDI) and Baltic Panamax Index (BPI) 1 April 2016–30 September 2016



BDI half-year-high at 941 in September 2016, half-year-low at 450 in April 2016, half-year-average at 675

BPI half-year-high at 879 in July 2016, half-year-low at 535 in April 2016, half-year-average at 666

2016 was another very difficult year for the dry bulk marine transportation industry. The freight rate of dry bulk cargoes has been stagnant. The Baltic Dry Index broke the record of its lowest level to 290 points in February 2016. Taking panamax vessels as example, the average Baltic Dry Index was 666 points during the period from 1 April 2016 to 30 September 2016, dropping by 141 points as compared to the corresponding period of 2015. The average daily charter rate recorded by the Baltic Dry Index was US$5,326, which represented a decrease of US$1,114 as compared to US$6,440 for the same period in 2015. The reasons for the plight of the freight market remained attributable to the oversupply of dry bulk vessels and the minor growth recorded in the demand for dry bulk marine transportation. Although there was an approximately 1% growth in the carrying capacities of dry bulk fleet, the increase in demand for marine transportation was less than 1%, which resulted in the contradiction of demand-supply imbalance of dry bulk vessels remained unresolved. Besides, this situation has also led to a minimal number of vessels rental transactions in the freight market and the freight rate for spot market continued on a downward trend. Since it is unlikely to see a surge in the demand for marine transportation of dry bulk cargoes, the oversupply of dry bulk vessels will still be the main factor for the suppression of the freight rate, which could only be alleviated and changed over a longer period of time.

During July 2016, the freight rate rebounded in the spot market. However, the momentum for small carrying capacity vessel could not be maintained and fluctuated in August, which reflected that there were more uncertainties and increasing volatility in the freight market, with the spot freight rate still hovering at low levels.

Given the slow global economic growth, demand for marine transportation of dry bulk cargoes hardly achieved any growth in 2016. Among which, China's import volume of dry bulk cargo has run up by approximately 8.3% and the import volumes of iron ore/coal/soybean remained on upward trends, both had made significant contribution to the stability of dry bulk marine transportation market.

The dry bulk fleet size recorded a net growth of approximately 11.0 million dwt from the beginning of the year to September 2016. It is expected that the growth of dry bulk fleet size record this year will have a smaller increase than 2015. Due to the depressed freight market, the price for second-hand vessels slumped, extending the double depression of freight rate and vessel price in the dry bulk marine transportation market. It is currently anticipated that the increase in vessel dismantling will alleviate the imbalance between demand and supply and eventually lead to a recovery in the spot freight market.

Vessel owners were under great operating pressure due to the depressed freight rate of dry bulk vessels. Besides, new policies and regulations promulgated in various areas around the world further pushed up the operating and management costs of vessels. For example, in September 2016, the convention in relation to the requirement for the installation of Ballast Water Treatment system on vessels, which was passed by International Maritime Organization (IMO) in 2004, had been signed by a quorum number of members and become effective. Consequently, vessel owners should equip their vessels with new equipments for the fulfillment of such new requirement of the convention. In such circumstances, vessel owners are facing a more severe operating environment under the pressure of new regulations and the use of ultralow sulphur fuel.

Business review

For the six months ended 30 September 2016, the Group's vessels were under sound operation. The size of the Group's fleet has a total carrying capacity of 319,923 dwt, and the average age of the fleet is 10 years. The fleet maintained a high operational level with an occupancy rate of 99.3% during this period. The average daily charter rate of the Group's vessels was approximately US$4,947, which represented a decrease of approximately 18% as compared to the corresponding period last year. The reasons for the income decline were that (i) the freight rate of dry bulk cargoes in the spot market was lower than that of the corresponding period last year, and (ii) the daily charter rate of the 90,000 ton post-panamax vessel(s) among the Group's fleet was lower than that of standard vessels, which dragged down the Group's overall income of the fleet. If only the standard vessels are taken into account, the average daily charter of the Group's fleet and the average daily charter of panamax vessel in the Baltic Dry Index remained at the same level. The Group's fleet achieved a record of safe operation with zero adverse incident, and all vessels were operating in the spot market this year. The Group was able to exert stringent control over costs and expenses in the course of vessel management and strived to minimise voyage expenses to maintain the management expenses of vessels within budget.

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

As at 30 September 2016, the Group did not have any outstanding loan receivables from the money lending business.

On 23 December 2015, the Company, Mr. Yan Kim Po ("**Mr. Yan**"), Ms. Lam Kwan ("**Ms. Lam**") and Mr. Yin Hai entered into a sale and purchase agreement pursuant to which the Company agreed to acquire from Mr. Yan, Ms. Lam and Mr. Yin Hai the entire issued share capital of Top Build Group Ltd. ("**Top Build**", together with its subsidiaries, "**Top build Group**") for a total consideration of US$54.0 million which was settled by way of issue of the convertible bonds ("**Top Build Convertible Bonds**") in the total principal amount of US$54.0 million, which may be converted into 381,843,064 Shares at the conversion price of HK$1.096 per Share at the exchange rate of HK$7.75 to US$1.0

("**Acquisition**"). Top Build indirectly via its subsidiaries holds 91% interest in 海南華儲實業有限公司 which holds two parcels of land located at Meidian Slope, Hongqi Town, Qiongshan District, Haikou, Hainan Province, the PRC (the "**Lands**"). Completion of the Acquisition took place on 10 May 2016. As at the date of completion of the Acquisition, the fair value of the Top Build Convertible Bonds was approximately US$72.6 million. According to the preliminary development proposal of the Lands, the development of the Lands will comprise (i) a trading centre and exhibition facilities for trading in tree seedlings and other nursery stocks; (ii) serviced apartments; and (iii) office, retail, car parking and other ancillary facilities.

Further details of the Acquisition and the Top Build Convertible Bonds are set out in the announcements of the Company dated 23 December 2015 and 10 May 2016, and the circular of the Company dated 15 April 2016.

Market outlook

The market is pessimistic about the outlook of the spot freight rate for dry bulk cargoes in 2016. It is believed that both the spot rate and average daily income of vessels will stay at low levels and there will be no substantial change to the current supply glut of vessels. In 2016, the increment in the number of dry bulk vessels was smaller than those of the recent years, and the growth in dry bulk marine transportation is also predicted to be limited. Therefore, the current situation of oversupply in freight rate of dry bulk vessels market could not be changed, and the spot freight market has been under downward pressure. After considering the uncertainties that brought to the global economy by the British referendum for Brexit, the International Monetary Fund (IMF) has lowered its forecast of the global economic growth of 2016 and 2017. The latest forecast economic growth rate of 2016 is 3.1% (decreased by 0.1% to the original forecast) and the international trade volume growth of this year is only 2.7% (decreased by 0.4% to the original forecast), which offers almost no help on the growth of demand for marine transportation. Given the bleak global economic growth, the oversupply of dry bulk vessels will continue to affect the freight market and keep the spot freight rate at low levels. Notwithstanding that the seasonal demand for transportation could strengthen the short-term demand growth at particular times and locations, its impact on the overall market is limited. As China's import volume of iron ore remained at a high level and the import volume of coal has run up before winter, the spot freight rate for capesize vessels has increased. It is expected that there will be a further increase in the spot freight rate during the fourth quarter of 2016. In addition, the new canal in Panama has allowed vessel transport from June 2016, leading to changes on the division of operation areas for vessels. Therefore, its impact on marine transportation demand is yet to be observed by the market.

According to statistics from shipping broker companies, marine transportation demand from major dry bulk cargoes such as the imported iron ore and coal in China would be larger than the expected growth in the beginning of this year, of which the growth for import volume of iron ore was 7% (the actual growth for January to September 2016 was 9.1%), and the growth for import volume of coal was 5% (the actual growth for January to September 2016 was 15.2%). If the recent rising momentum preserves, it will be contributable to the stability of the spot freight rate this year. Meanwhile, changes in the volume of other cargoes would only have little influence on the overall demand growth of marine transportation of dry bulk cargoes. However, the increasing volume of imported dry bulk food in China will be positive to the demand for panamax vessels. In the beginning of 2016, it was expected that with the rapid economic growth in India, there would be a larger increase of coal import to India and the demand for dry bulk vessels would also increase. Nonetheless, there was in fact a larger decrease in the actual import volume of coal to India.

The dry bulk fleet is expected to grow at a slower pace of 2% this year when full delivery is made for the orders of newly-built vessels (the actual growth of dry bulk fleet for January to September 2016 was 1.7%). Nevertheless, the market still hopes to alleviate the fleet expansion by dismantling more old vessels in order to facilitate a spot freight rebound. Recently, the price for bunker fuel has declined which is attributable to falling crude oil price and is expected to hover at low levels. This will have a positive impact on vessel operations.

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

On the other hand, driven by the PRC's strong economic growth and development, the PRC's flower and plant market had grown substantially in the past five years. Currently, there is no sizable and professionally managed flower and plant wholesale trade centre established in Guangdong, Guangxi and Hainan Provinces of the PRC. Moreover, according to the 12th five-year plan of the PRC government, Hongqi Town, where the Land is located, is regarded as one of the national core development towns of the PRC with a view to developing Hongqi Town into a key tourist spot within the region. Based on the available information, the latest development plan of Hongqi Town will comprise of, among other things, a hi-technology business zone for plantation of tropical flowers and tree saplings, a floral exhibition theme park, and areas for hotel. Upon completion of the envisaged developments above, it is expected that Hongqi Town will become one of the core tropical flower and plant hi-technology plantation zones in Hainan Province. The Acquisition not only diversifies the Group's business and increase the Group's income streams, but also brings a long term and stable income to improve the Group's financial performance in the future.

Financial review

As announced by the Company on 10 May 2016, completion of the Acquisition took place on 10 May 2016. Accordingly, the Group is beneficially interested in the entire issued share capital of Top Build, which indirectly via its subsidiaries holds 91% interest in 海南華儲實業有限公司 which holds the Lands.

The Group adopts merger accounting for common control combination in respect of the Acquisition as mentioned in Note 1 to the Condensed Consolidated Interim Financial Information in this Announcement. The comparative amounts in the Condensed Consolidated Interim Financial Information are restated as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

Revenue

Revenue of the Group decreased from about US$4.5 million for the six months ended 30 September 2015 to about US$3.8 million for the six months ended 30 September 2016, representing a decrease of about US$0.7 million, or about 15.9%. It comprised chartering income of approximately US$3.6 million (constituted approximately 94.3% of the revenue of the Group, for the period ended 30 September 2015: US$4.5 million) and interest income from money lending business of approximately US$0.2 million (constituted approximately 5.7% of the revenue of the Group, for the period ended

30 September 2015: Nil). The average Daily TCE of the Group's fleet decreased from approximately US$6,000 for the six months ended 30 September 2015 to approximately US$5,000 for the six months ended 30 September 2016.

Cost of services

Cost of services of the Group dropped from about US$7.3 million for the six months ended 30 September 2015 to about US$4.8 million for the six months ended 30 September 2016, representing a decrease of about US$2.5 million, or about 33.9%. The cost of services was mainly affected by (i) the decrease in depreciation expenses after impairment loss of vessels recognized last year; (ii) the disposal of a vessel during the six months ended 30 September 2015; and (iii) the decrease in bunker cost due to gain on market value of bunker inventory at delivery of vessels to charterers arisen from slight recovery in bunker market price.

Gross loss

Gross loss of the Group decreased from about US$2.7 million for the six months ended 30 September 2015 to about US$1.0 million for the six months ended 30 September 2016, representing a difference of approximately US$1.7 million, while the gross loss margin improved from approximately 60.2% for the six months ended 30 September 2015 to approximately 26.0% for the six months ended 30 September 2016. It was mainly attributable to the decrease in depreciation expenses after impairment loss of vessels recognized last year and the mark to market gain in bunker recorded.

General and administrative expenses

General and administrative expenses of the Group decreased from approximately US$2.0 million for the six months ended 30 September 2015 to approximately US$1.2 million for the six months ended 30 September 2016, representing a decrease of approximately US$0.8 million or approximately 39.0%. It was mainly due to the share options granted on 30 April 2015 being fully accounted for as expenses during the six months ended 30 September 2015.

Finance costs

Finance costs of the Group increased from approximately US$1.2 million for the six months ended 30 September 2015 to approximately US$2.0 million for the six months ended 30 September 2016, representing an increase of approximately US$0.8 million or approximately 71.5%. Such increase was mainly attributable to the amortization of finance costs for the issue of the Top Build Convertible Bonds.

Loss and total comprehensive loss

The Group incurred a loss of approximately US$20.1 million for the six months ended 30 September 2016 as compared with a loss of approximately US$11.3 million for the six months ended 30 September 2015. Such increase was mainly due to (i) the impairment losses of US$16.0 million of the Group's vessels (for the six months ended 30 September 2015: US$5.1 million); (ii) the decrease in gross loss of approximately US$1.7 million; (iii) the effect of changes in valuation of investment property from other loss of approximately US$0.6 million for the six months end 30 September 2015 to other gain of approximately US$0.5 million for the six months ended 30 September 2016; (iv) the decrease in share based payments; and (v) the increase in finance costs.

Liquidity, financial resources, capital structure and gearing ratio

As at 30 September 2016, the Group's cash and cash equivalent amounted to approximately US$2.1 million (as at 31 March 2016: approximately US$0.9 million), of which approximately 20.4% was denominated in US$ and approximately 79.4% in HK$. Outstanding bank loans amounted to approximately US$36.0 million (as at 31 March 2016: approximately US$41.2 million) and other borrowings amounted to US$38.9 million (as at 31 March 2016: approximately US$3.8 million), which were denominated in US$.

As at 30 September 2016 and 31 March 2016, 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 63.3% and 31.3% respectively. The increase in gearing ratio as at 30 September 2016 was mainly due to the issue of the Top Build Convertible Bonds on 10 May 2016.

The Group recorded net current liabilities of about US$16.3 million as at 30 September 2016 and approximately US$35.3 million as at 31 March 2016. Such improvement was mainly due to the amount of non-current bank borrowings being reclassified as current liabilities decreased to approximately US$10.3 million (at 31 March 2016: approximately US$34.4 million) after the Group entered into various supplemental agreements with the related bank to supplement some of these loan agreements and thereafter, the Group has complied with the relevant restrictive undertaking clause of the these loan agreements. The management maintains continuous communication 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 2016.

The Group monitors the current and expected liquidity requirements regularly to mitigate the effects of fluctuations in cash flows. The Company entered into two loan facility agreements with Ablaze Rich Investments Limited ("**Ablaze Rich**") on 17 February 2015 and 28 April 2015 for loan facilities in the total amount of US$3,000,000 ("**First Facility**") and US$2,000,000 ("**Second Facility**") respectively. The full loan amount had been drawn down by the Company under the First Facility and would be repayable on or before 16 February 2017, while US$1,000,000 had been drawn down by the Company under the Second Facility and would be repayable on or before 27 April 2017. Both loan facilities were unsecured and carried an interest of 4% per annum. As at 30 September 2016, the drawn amount under the First Facility and the Second Facility had been fully repaid by the Company with the net proceeds from the placing of new Shares in June 2015. The disinterested members of the Board (including the independent non-executive Directors) consider that as the First Facility and Second Facility are on terms that are normal commercial terms or better and are not secured by the assets of the Group, the receipt of financial assistance by the Group thereunder are fully exempt under Rule 14A.90 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**").

On 29 June 2016, the Company entered into a deed of funding undertakings ("**Deed**") with Ablaze Rich, Mr. Yan and Ms. Lam pursuant to which Ablaze Rich, Mr. Yan and Ms. Lam have undertaken to provide funding to the Group when funding notice shall be issued by the Company within twelve months of the date of the deed. The funding when provided shall be treated as an "advance" to the Company from Ablaze Rich, Mr. Yan and Ms. Lam and shall be repayable by the Company after at least twelve months from the funding draw down date. The total amount of the aforesaid advances outstanding at any time shall not exceed US$30 million. The undertakings shall cease to have effect after twelve months from the date of the deed or upon the Company or any member of the Group having obtained long-term external bank borrowings or other sources of long-term financing with a principal amount of not less than US$30 million, whichever is the earlier.

On 30 September 2016, the Company renewed the Deed. Ablaze Rich, Mr. Yan and Ms. Lam have undertaken to provide funding to the Group when funding notice shall be issued by the Company within fourteen months of the date of the deed. The undertakings shall cease to have effect after fourteen months from the date of the deed or upon the Company or any member of the Group having obtained long-term external bank borrowings or other sources of long-term financing with a principal amount of not less than US$30 million, whichever is the earlier. The other terms remains unchanged.

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

On 5 July 2013, the Company entered into a subscription agreement with Ablaze Rich in respect of, amongst others, the issue and subscription of the convertible bonds ("**Convertible Bonds**") in an aggregate principal amount of US$3,000,000, which may be converted into 19,763,513 Shares at the conversion price of HK$1.184 per conversion share at the exchange rate of HK$7.8 to US$1.0.

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

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

As at 30 September 2016, the entire principal amount of the Convertible Bonds remained outstanding.

As announced by the Company on 10 May 2016, completion of the Acquisition took place on 10 May 2016 and the Top Build Convertible Bonds were issued to Mr. Yan, Ms. Lam and Mr. Yin Hai respectively.

As at 30 September 2016, the entire principal amount of the Top Build Convertible Bonds remained outstanding.

Placing of new Shares under general mandate

On 9 June 2015, the Company entered into a placing agreement ("**Placing Agreement**") with a placing agent, pursuant to which the placing agent has agreed to place, on a best endeavour basis, up to 83,000,000 new Shares to not less than six placees at the placing price of HK$1.982 per Share ("**Placing**"). The closing price as quoted on the Stock Exchange on 9 June 2015, being the date of the Placing Agreement, was HK$2.15 per Share. The Placing was completed and a total of 83,000,000 Shares were allotted and issued on 23 June 2015 to not less than six placees. The Company considered that it was in the interests of the Company to raise capital from the equity market in order to enhance the capital base of the Company. Please refer to the announcements of the Company dated 9 June 2015 and 23 June 2015 for details of the Placing. The net proceeds, after deducting related placing commission, professional fees and all related expenses, were approximately US$20.0 million (equivalent to a net price of approximately HK$1.880 per Share). As at 30 September 2016, the net proceeds had been fully utilised by the Group for repayment of the First Facility and the Second Facility, the money lending business and general working capital.

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 2016, the Group recorded outstanding bank loans of about US$36.0 million and carried interest at floating rate. The bank loans, namely the GH FORTUNE/GH PROSPERITY Loan, the GH POWER Loan, the GH GLORY Loan and the GH 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 18 May 2015, the disposal of GH PROSPERITY was completed and the outstanding amounts under such tranche of the GH FORTUNE/GH PROSPERITY Loan were fully repaid on the same date.

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.

Notes:

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

2. "GH POWER Loan" represents a term loan for the principal amount of US$39 million for financing the acquisition costs of GH POWER. The principal amount shall be repaid by 40 quarterly instalments commencing three months from 11 February 2008.

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

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

Charges on assets

As at 30 September 2016, the Group had pledged the following assets to banks as securities against banking facilities granted to the Group:

	30 September 2016 *US$'000* **(Unaudited)**	31 March 2016 *US$'000* (Audited)
Property, plant and equipment	**50,600**	68,468
Pledged bank deposits	**3,052**	3,313
	53,652	71,781

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 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.

During the six months ended 30 September 2016, the Group had entered into an interest rate swap to hedge for the future fluctuations of London Interbank offered rate or cost of fund arising from the Group's variable- rate borrowings. The total notional principal amount of the outstanding interest rate swap as at 30 September 2016 was US$11.5 million (as at 31 March 2016: US$12 million).

Contingent liabilities

There were no significant contingent liabilities for the Group as at 30 September 2016.

Interim dividend

The Board does not recommend any interim dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: 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 2016.

Employees

As at 30 September 2016, the Group had a total of 92 employees (as at 30 September 2015: 95 employees). For the six months ended 30 September 2016, the total salaries and related costs (including Directors' fees) amounted to approximately US$2.2 million (as at 30 September 2015: US$3.2 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 CODE AND CORPORATE GOVERNANCE REPORT (THE "CG CODE")

The Company has adopted the principles and code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules as the Company's code on corporate governance practices. Throughout the six months ended 30 September 2016 and up to the date of this announcement, 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 2016 and up to the date of this announcement.

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 2016, which has also been reviewed by the Company's independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

EXTRACT OF THE DRAFT REVIEW REPORT BY PRICEWATERHOUSECOOPERS ON THE GROUP'S INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

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 unaudited interim condensed consolidated financial information, which states that the Group recorded a net loss attributable to the equity holders of US$20,101,000. As at the same date, the Group's current liabilities exceeded its current assets by US$16,294,000. In addition, the Group failed to comply with an undertaking requirement of a bank borrowing of approximately US$11,448,000 as at 30 September 2016. These matters, along with other matters as described in Note 2.1 to the unaudited interim condensed consolidated financial information, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not qualified 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 2016 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, 29 November 2016

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.