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 2017

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 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2017

		Unaudited Six months ended 30 September	
		2017	2016
	Note	***US$'000***	*US$'000*
Revenue	3	**6,252**	3,816
Cost of services		**(4,819)**	(4,807)
Gross profit/(loss)		**1,433**	(991)
Other gains — net		**998**	259
Other income		**21**	14
General and administrative expenses		**(1,440)**	(1,197)
Impairment losses on property, plant and equipment		**—**	(16,000)
Operating gain/(loss)		**1,012**	(17,915)
Finance costs		**(2,676)**	(1,985)
Loss before income tax		**(1,664)**	(19,900)
Income tax expense	4	**(225)**	(168)
Loss for the period		**(1,889)**	(20,068)

	Note	Unaudited Six months ended 30 September **2017** ***US$'000***	2016 *US$'000*
Loss attributable to:			
— Owners of the Company		**(1,918)**	(20,101)
— Non-controlling interests		**29**	33
		(1,889)	(20,068)
Loss per share attributable to owners of the Company			
— Basic and diluted	5	**(US0.21 cents)**	(US2.19 cents)
Other comprehensive loss for the period		**(1,889)**	(20,068)
Items that may be reclassified to profit or loss			
Currency translation differences		**1,711**	(1,440)
Total comprehensive loss for the period		**(178)**	(21,508)
Total comprehensive loss attributable to:			
— Owners of the Company		**(361)**	(21,411)
— Non-controlling interest		**183**	(97)
		(178)	(21,508)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2017

	Note	Unaudited 30 September 2017 US$'000	Audited 31 March 2017 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**49,224**	50,317
Investment properties		**65,000**	61,282
Pledged bank deposits		**500**	500
		114,724	112,099
Current assets			
Trade and other receivables	7	**1,853**	2,378
Pledged bank deposits		**3,457**	2,531
Cash and cash equivalents		**1,570**	266
		6,880	5,175
Total assets		**121,604**	117,274
EQUITY			
Equity attributable to owners of the Company			
Share capital		**1,185**	1,176
Reserves		**16,380**	15,743
		17,565	16,919
Non-controlling interest		**4,066**	3,883
Total equity		**21,631**	20,802
LIABILITIES			
Non-current liabilities			
Borrowings and loans		**16,034**	13,535
Convertible bonds		**38,147**	40,265
Deferred income tax liabilities		**15,520**	14,710
		69,701	68,510
Current liabilities			
Other payables and accruals		**6,005**	4,711
Borrowings and loans		**20,317**	23,198
Convertible bonds		**3,928**	—
Derivative financial instruments		**22**	53
		30,272	27,962
Total liabilities		**99,973**	96,472
Total equity and liabilities		**121,604**	117,274

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.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2017 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

2.1 Going concern basis

For the period ended 30 September 2017, the Group recorded a net loss attributable to the equity holders of US$1,918,000 and had net cash inflows from operating activities of US$3,247,000. As at the same date, the Group's current liabilities exceeded its current assets by US$23,392,000.

As at 30 September 2017, the Group had total outstanding bank borrowings amounted to US$30,246,000. The Group has 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 the bank borrowing of approximately US$10,314,000, the Group's Vessel Ratio for the relevant vessel fell below the prescribed Vessel Ratio requirement under the relevant loan agreement, entitling the bank to request for remedial actions by the Group. No such request had been made by the bank, and the Group had not obtained a waiver from the bank from complying with or for revising 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 borrowing or increasing pledged deposits within a period of time as may be required by the bank. In respect of the remaining bank borrowings of US$19,932,000, the Group was in compliance with the revised Vessel Ratio requirements under the relevant loan agreements as at 30 September 2017.

As at 30 September 2017, the Group had two convertible bonds of US$42,075,000, which comprised convertible bonds in principal amount of US$3,000,000 issued in September 2013 ("Ablaze Rich Convertible Bonds"); and convertible bonds in principal amount of US$54,000,000 issued in May 2016 ("Top Build Convertible Bonds"). On the same date, the Group had loans from ultimate holding company of US$6,105,000. Pursuant to the respective convertible bonds and loan agreements, the bondholders and lender have the right to demand for immediate repayment of the relevant principal amount of the convertible bonds and loans together with accrued interests should there be an event of defaults 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 2017. 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 2017:

(i) On 17 November 2017, the Group has entered into a new bank borrowing agreement of US$20,000,000 to refinance the Group's bank borrowings of US$19,932,000 with actual drawn down being taken place on 24 November 2017. The new bank borrowing is interest bearing at London Interbank Offered rate plus 3.15% per annum, repayable by quarterly instalments in 5 years. The new bank borrowings is also subject to compliance of certain restrictive financial undertakings for which the Group will continue to monitor its compliance. 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 requirements from the bank.

(ii) In respect of the bank borrowings of US$10,314,000, so far the Group did not receive any communication from the relevant bank in relation to non-compliance of the Vessel Ratio requirements and request for remedial actions. Should the bank require any remedial actions, the directors plan to negotiate with the bank and will seek to revise the existing undertakings or obtain a waiver of the compliance with the Vessel Ratio requirements from the bank.

(iii) In respect of the Ablaze Rich Convertible Bonds as of 30 September 2017, the 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 2017. For the Top Build Convertible Bonds, the directors plan to negotiate with the bondholder and will request the bondholder to issue a waiver should there be an event of default happened in respect of other borrowings of the Group.

(iv) In respect of loans from ultimate holding company of US$6,105,000, the ultimate holding company confirmed that it does not have the intention and will not exercise its rights to demand for immediate repayment of the loans even if the events allowing such rights to demand happen in the next fourteen months from 30 September 2017.

(v) On 31 March 2017, 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 ultimate holding company and the Guarantors and the total amount of funding undertakings shall not exceed US$30,000,000. The deed was renewed on 29 September 2017 to extend the period of funding notice to 30 November 2018 from the date of renewal. The above deed entered on 31 March 2017 was superseded by this renewed deed, and had ceased to be effective from 29 September 2017.

    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 deed 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.

    In April 2017, the Group drawn down a loan of US$3,000,000 from the ultimate holding company under the terms of the deed. The loan is interest bearing at 4% per annum and repayable by April 2019. The available funding under the deed of funding undertakings was US$27,000,000 as at 30 September 2017.

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

(vii) 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 2017. 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) Continuous compliance by the Group of the existing terms and conditions of bank borrowings and, where applicable, successful negotiation with the banks to obtain wavier or to revise the existing terms and conditions of the bank borrowings for the continuous compliance thereof as and when needed such that the existing bank borrowings will continue to be available to the Group and be repaid in accordance with the agreed repayment schedules;

(ii) Successful negotiation with the bondholder to obtain wavier as and when needed such that the Top Build Convertible Bonds will continue to be available to the Group;

(iii) The Guarantors will be able to provide further funding advance of up to US$27,000,000 to the Group as and when needed which will be repayable beyond twelve months from 30 September 2017;

(iv) Successful negotiation with the bank to renew the bank borrowing which will mature in February 2018;

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

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

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

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

Segment assets are those operating assets that are employed by a segment in its operating activities. Segment assets excludes corporate assets, which are managed on a central basis. Segment assets reported to the Directors are measured in a manner consistent with that in the condensed consolidated interim financial information. No 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**	**Others**	**Total**
	US$'000	***US$'000***	***US$'000***	***US$'000***
Six months ended 30 September 2017				
Revenue	**6,252**	**—**	**—**	**6,252**
Segment loss	**(34)**	**(1,218)**	**(412)**	**(1,664)**
Depreciation	**(1,245)**	**(15)**	**—**	**(1,260)**
Finance cost	**(814)**	**(1,766)**	**(96)**	**(2,676)**

	Chartering of vessels	Property investment and development	Others	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Six months ended 30 September 2016				
Revenue	3,598	—	218	3,816
Segment loss	(18,725)	(593)	(582)	(19,900)
Depreciation	(1,867)	(3)	(1)	(1,871)
Impairment losses on property, plant and equipment	(16,000)	—	—	(16,000)
Finance cost	(906)	(1,079)	—	(1,985)

(b) Segment assets

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

	Chartering of vessels	**Property investment and development**	**Others**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
As at 30 September 2017				
Segment assets	**55,460**	**65,466**	**678**	**121,604**
As at 31 March 2017				
Segment assets	55,809	61,344	121	117,274

(c) Geographical information

Due to the nature of the provision of vessel chartering services 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

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the six months ended 30 September 2017. The subsidiary established in the PRC is subject to corporate income tax rate of 25% (2016: 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	
	2017	2016
	US$'000	*US$'000*
Current income tax		
— Hong Kong profits tax	**—**	41
Deferred income tax	**225**	127
Income tax expense	**225**	168

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	
	2017	2016
Loss attributable to owners of the Company *(US$'000)*	**1,918**	20,101
Weighted average number of ordinary shares in issue (thousands)	**918,893**	916,319
Basic loss per share (US cents per share)	**0.21**	2.19

(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 2017 and 2016 equal basic loss per share as the exercise of the outstanding share options and convertible bonds would be anti-dilutive.

6 DIVIDENDS

The board of directors does not recommend the payment of interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: Nil).

7 TRADE AND OTHER RECEIVABLES

	As at	
	30 September 2017	31 March 2017
	US$'000	*US$'000*
Trade receivables	**959**	1,646
Less: Provision for impairment of trade receivables	**(8)**	(8)
Trade receivables — net	**951**	1,638
Prepayments and deposits	**730**	690
Other receivables	**164**	42
Other receivables from related parties	**8**	8
	1,853	2,378

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

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

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

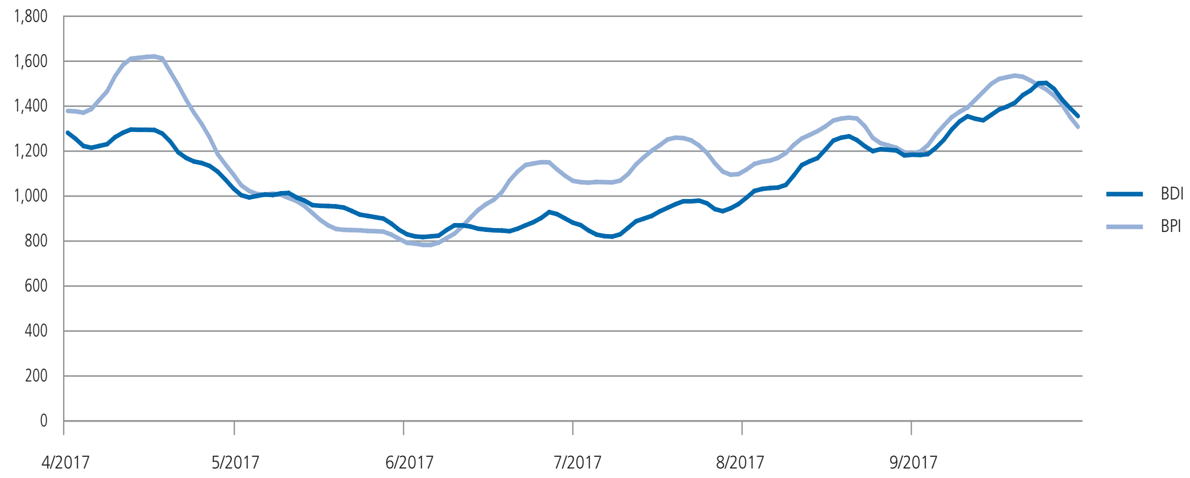
As at 30 September 2017 and 31 March 2017, the ageing analysis of gross trade receivables based on invoice date was as follows:

	As at	
	30 September 2017	31 March 2017
	US$'000	*US$'000*
0–30 days	**572**	1,258
31–60 days	**217**	336
61–365 days	**138**	20
Over 365 days	**32**	32
	959	1,646

MANAGEMENT DISCUSSION AND ANALYSIS

Market review

Daily Variation Chart of Baltic Dry Index (BDI) and Baltic Panamax Index (BPI) 1 April 2017–30 September 2017



BDI half-year-high at 1,503 in September 2017, half-year-low at 818 in June 2017, half-year-average at 1,038
BPI half-year-high at 1,621 in April 2017, half-year-low at 783 in June 2017, half-year-average at 1,154

Being prompted by the increase of the seasonal demand for marine transportation of bulk grains in South America early in the year, the spot freight rate of panamas vessels in dry bulk marine transportation market of 2017 revealed a trend of hike, while that of other types of vessels increased as well, as compared to that of last year. The average Baltic Dry Index for panamax vessels was 1,154 points during the period from 1 April 2017 to 30 September 2017, rising by 488 points, an approximation of 73%, as compared to 666 points of the corresponding period of 2016. The corresponding average daily charter rate was US$9,263, which represented an increase of US$3,937 as compared to US$5,326 of average daily charter rate for the same period in 2016. Marching into the summer trough, the spot freight rate has been adjusted and fluctuated, yet, the average daily charter rate of the year-low remains a US$6,281 daily, reflected a higher average point as compared to that of last year's. This resulted in a larger growth in the daily income the vessels generated. The vessels rental transactions resumed their operations, though the transactions did not return to a huge amount. The cargo owners and charters however started to request for vessels rental with longer term in an effort to balance the risks of and pressure from cargo transportation. The demand provides the vessels' owners with another business choice that they might set the rental for one year or above. Taking the panamax vessels as the example, the current charter rate for a relatively new vessel in a one-year term can reach an average daily charter rate of US$12,000 or above. The market prediction and statistics from vessel broker companies expect the adjusted demand of dry bulk marine transportation can reach a growth of approximately 4% this year, as compared to the growth of fleet size of approximately 2.5%. The oversupply of vessels will soon be alleviated which is also the main factor for the better performance of this year's spot freight rate.

Given the slow global economic growth, the favourable factor in the spot freight market is that China's import volume of dry bulk cargoes has maintained its substantial actual growth as compared to last year, of which the market predicts its import volume of iron ore and coal this year will continue to exceed 1 billion and 0.25 billion tons, representing an annual growth of approximately 7% and 9%, respectively. Besides, the import volume of iron ore, coal, soybean and grains remained on upward trends, which made significant contribution to the stability of dry bulk marine transportation market, as well as the stability and rebound of the spot freight rate. With the rebound of the freight market, the price for various types of second-hand dry bulk vessels saw a larger rebound, of which the price of the 5-year second-hand panamax vessels increased by approximately 50% as compared to that of last year, with even larger increase in old vessels. We hope the increase in vessel price will give an impetus to the further rebound of the freight market, and will eventually improve the supply and demand dynamics of the spot freight market and lead the market to recover as soon as possible.

Business Review

For the six months ended 30 September 2017, the Group's vessels were under sound operation. Currently, the fleet size of the Group is 319,923 dwt, and the average age of the fleet is 11 years. The fleet maintained a high operational level with an occupancy rate of 99.53% during this period. The average daily charter rate of the vessels was approximately US$8,762, representing an increase of US$3,815 as compared to the corresponding period last year, with a growth rate of approximately 77%, which is basically in line with the market index level of same type of vessel. 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. All freight and rental were basically received with no receivable of significant amount. The Group was able to exert stringent control over costs and expenses in the course of vessel management and strove to minimise voyage expenses, the management expenses of vessels are also basically within budget.

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

Market Outlook

There is a further increase in the spot freight rate for dry bulk cargo market after the Spring Festival in 2017. The increase in freight rate is driven by the continuous growth of seasonal demand for marine transportation of bulk grains in the South America, as well as the import volume of iron ore and coal in China. During the low season of freight market in summer, the spot freight rate remained higher than that of last year, thus it is expected that both the spot freight rate and average daily income of vessels this year will be higher than those of last year, and we hope that such rebound will last for a longer period. Although there will be some adjustments to the oversupply condition in the vessel market, such condition will remain unchanged. The growth of dry bulk fleet is still going to expand by approximately 2.5%, while the growth in dry bulk marine transportation is predicted to be a merely 4% in this year. Therefore the current supply glut of dry bulk vessels will remain and the spot freight market will continue to be under pressure with such excess supply of vessels. The adjusted forecast from The International Monetary Fund (IMF) on the global economic growth and the international trade volume in 2017 are 3.6% and 4.2%, respectively, which are both higher than those of the forecast last year. We hope that the growth of demand for marine transportation can be further pushed forward by the recovery of economic and trade environment. Given the slow global economic growth, the ability to maintain a stable growth in the demand of dry bulk marine transportation is important to the operation of shipping market and to the change in the oversupply of vessel. The import volume of bulk cargo from China is in the rising trend, which in turn to be the main contributor of the growth in the demand of marine transportation this year. Notwithstanding that the seasonal demand for transportation could strengthen the short-term demand growth at particular times and locations, its impacts on the overall market is limited. As China's import volume of iron ore remains at a high level and the import volume of coal has increased, the spot freight rate for large vessels (capesize vessels) has been pushed up. The market expects that there will be a further increase in the spot freight rate of various types of dry bulk vessel during the second half of this year. With the increase in the spot freight rate, the transaction of the vessel rental market commences to be active and the transaction volume has also increased. Both cargo owners and charterers control their risks by limiting transportation capacity and it is expected to have positive effect on the spot freight market.

According to statistics and forecast from shipping broker companies, marine transportation demand from major dry bulk cargoes such as iron ore and coal would increase as compared to last year, of which the growth for import volume of iron ore and coal would be 7% and 9%, respectively, which is expected to support the stability and growth of the spot freight rate this year. Meanwhile there will be a double digit increase in the volume of imported dry bulk food in China, which provide a better support to the marine transportation demand for panamax vessels.

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 Company. 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 10 May 2016, Top Build Group Ltd. ("Top Build"), a wholly-owned subsidiary of the Company, indirectly through its subsidiaries holds 91% interest in a company in the PRC which holds the Lands located at Haikou. The Haikou local government subsequently rearranged its plans on the surroundings and ancillary facilities of the Lands held by the Group in Haikou. After the Chinese Lunar New Year of 2017, the land premium and prices of real estates in Haikou rocket along the domestic residential needs. To capture the opportunity prompted by the residential needs in Haikou, the Group seeks the possibility to redevelop the project into "cultural and tourism real estate" project to construct villas, loft apartment, low density villas, retail, car parking and other ancillary facilities with approximately 130,000 square meters. As the Haikou local government has finalized its plans at the second half of 2017, the project is currently under the procedure of construction application.

Financial review

Revenue

Benefit from the recent marine transportation market growth, revenue of the Group increased from about US$3.8 million for the six months ended 30 September 2016 to about US$6.3 million for the six months ended 30 September 2017, representing an increase of about US$2.5 million, or about 63.8%. It comprised chartering income of approximately US$6.3 million (constituted approximately 100% of the revenue of the Group, for the period ended 30 September 2016: approximately US$3.6 million) and there is no interest income from money lending business for the six months ended 30 September 2017 (for the period ended 30 September 2016: approximately US$0.2 million). The average Daily TCE of the Group's fleet increased from approximately US$5,000 for the six months ended 30 September 2016 to approximately US$8,800 for the six months ended 30 September 2017.

Cost of services

Cost of services of the Group was maintained stable at about US$4.8 million for the six months ended 30 September 2017 (about US$4.8 million for the six months ended 30 September 2016). The cost of services was mainly affected by (i) the decrease in depreciation expenses as there was no provision for impairment losses recognized for the six months ended 30 September 2017 (about US$16 million for the six months ended 30 September 2016); and (ii) the increase in bunker cost due to mark to market gain of bunker inventory at delivery of vessels to charterers arisen from slight recovery in bunker market price recorded for the six months ended 30 September 2016.

Gross profit/loss

With the increase in revenue and the stringent control over operating costs and expenses, the Group has turned around from gross loss of about US$1.0 million for the six months ended 30 September 2016, to gross profit amount to about US$1.4 million for the six months ended 30 September 2017, representing a difference of approximately US$2.4 million, while the gross profit margin improved from approximately -26.0% for the six months ended 30 September 2016 to approximately 22.9% for the six months ended 30 September 2017.

General and administrative expenses

General and administrative expenses of the Group increased from approximately US$1.2 million for the six months ended 30 September 2016 to approximately US$1.4 million for the six months ended 30 September 2017, representing an increase of approximately US$0.2 million or approximately 20.7%. It was mainly due to the setup of new office in Hainan for the preparation of land development.

Finance costs

Finance costs of the Group increased from approximately US$2.0 million for the six months ended 30 September 2016 to approximately US$2.7 million for the six months ended 30 September 2017, representing an increase of approximately US$0.7 million or approximately 34.8%. Such increase was mainly attributable to the amortization of finance costs for the issuance of the US$54.0 million Top Build Convertible Bonds.

Loss and total comprehensive loss

The Group incurred a loss of approximately US$1.9 million for the six months ended 30 September 2017 as compared with a loss of approximately US$20.1 million for the six months ended 30 September 2016. Such decrease was mainly due to (i) no impairment losses incurred for the Group's vessels for the six months ended 30 September 2017 (for the six months ended 30 September 2016: US$16.0 million); (ii) the improvement in gross profit of approximately US$2.4 million; and (iii) the fair value gain of approximately US$0.9 million for the six months ended 30 September 2017 (for the six months ended 30 September 2016 fair value gain approximately US$0.5 million).

Liquidity, financial resources, capital structure and gearing ratio

As at 30 September 2017, the Group's cash and cash equivalent amounted to approximately US$1.6 million (as at 31 March 2017: approximately US$0.3 million), of which approximately 46.2% was denominated in US$ and approximately 45.8% in HK$. Outstanding bank loans amounted to approximately US$30.2 million (as at 31 March 2017: approximately US$33.7 million) and other borrowings amounted to approximately US$48.2 million (as at 31 March 2017: approximately US$43.3 million), which were denominated in US$.

As at 30 September 2017 and 31 March 2017, 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 64.5% and 65.7% respectively. The decrease in gearing ratio as at 30 September 2017 was mainly due to the appreciation of investment property and the repayment of bank loans.

The Group recorded net current liabilities of about US$23.4 million as at 30 September 2017 and approximately US$22.8 million as at 31 March 2017. It was mainly due to the First Convertible Bond due in 2018 amounted to approximately US$3.9 million (at 31 March 2017: approximately US$3.9 million) was being classified as current liabilities as at 30 September 2017.

On 17 November 2017, certain members of the Group has entered into a new bank borrowing agreement of US$20,000,000 to refinance the Group's bank borrowings of US$19,932,000 for the Group's three vessels, namely, GH FORTUNE, GH GLORY and GH HARMONY. The new bank borrowing is also subject to compliance of certain restrictive financial undertakings for which the Group will continue to monitor. 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 requirements from the bank.

The management maintains continuous relationship with the banks and the Directors are of the opinion that bank borrowings will continue to be available to the Group for the next twelve months from 30 September 2017.

The Group monitors the current and expected liquidity requirements regularly to mitigate the effects of fluctuations in cash flows. The Company has entered into three loan facility agreements with Ablaze Rich Investments Limited ("Ablaze Rich") on 28 April 2015, 19 January 2017 and 12 April 2017 for loan facilities in the total amount of US$2,000,000 (the "First Facility"), US$3,000,000 (the "Second Facility") and US$3,000,000 (the "Third Facility") respectively. The full loan amount had been drawn down by the Company under the First Facility, the Second Facility and Third Facility. The First Facility was repayable on or before 27 April 2017, the Second Facility will be repayable on or before 18 January 2019 and the Third Facility will be repayable on or before 11 April 2019. These loan facilities were unsecured and carried an interest of 4% per annum. As at 30 September 2017, the drawn amount US$1,000,000 under the First Facility had been fully repaid by the Company with the net proceeds from the placing of new Shares in June 2015. The remaining drawn amount US$1,000,000 under the First Facility had been fully repaid by the Company on 27 April 2017. The drawn amount under Second and Third Facility had not been repaid yet. The disinterested members of the Board (including the independent non-executive Directors) consider that as the First Facility, the Second Facility and the Third Facility are all on normal commercial terms or better and are not secured by the assets of the Group, the receipt of financial assistance by the Group thereunder are fully exempt under Rule 14A.90 of the Listing Rules.

On 31 March 2017, the Company entered into a deed of funding undertakings (the "Deed") with Ablaze Rich, Mr. Yan Kim Po ("Mr. Yan") and Ms. Lam Kwan ("Ms. Lam") have undertaken to provide funding to the Group when funding notice shall be issued by the Company within fifteenth 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 Deed shall cease to have effect after fifteenth months from the date of the Deed or upon the Company or any member of the Group having obtained 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 was renewed ("Renewed Deed") on 29 September 2017 to extend the period of funding notice to 30 November 2018 from the date of renewal. The Deed was superseded by the Renewed Deed, and had ceased to be effective from 29 September 2017. For the six months ended 30 September 2017, the Group had drawn US$3 million pursuant to the Deed and the balance of the amount of funding undertaken to be provided by Ablaze Rich, Mr. Yan and Ms. Lam under the Renewed Deed as at 30 September 2017 was US$27 million.

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 First Convertible Bonds in an aggregate principal amount of US$3,000,000, which may be converted into 19,763,513 Shares at the conversion price of HK$1.184 per conversion share at the exchange rate of HK$7.8 to US$1.0.

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

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

As at 30 September 2017, the entire principal amount of the First Convertible Bonds remained outstanding.

As announced by the Company on 10 May 2016, completion of the acquisition of the entire issued share capital of Top Build by the Company from Mr. Yan, Ms. Lam and Mr. Yin Hai pursuant to the sale and purchase agreement dated 23 December 2015 entered into between the Company, Mr. Yan, Ms. Lam and Mr. Yin Hai took place on 10 May 2016 and the Top Build Convertible Bonds for the aggregate principal amount of US$54,000,000 were issued.

As at 30 September 2017, the entire principal amount of the Top Build Convertible Bonds remained outstanding.

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

Pursuant to Rule 13.18 of the Rules Governing the Listing of Securities on the Stock Exchange (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 2017, the Group recorded outstanding bank loans of about US$30.2 million and carried interest at floating rate. On 17 November 2017, the GH FORTUNE, GH GLORY and GH HARMONY Loan[5] was entered into by certain members of the Group for refinancing of certain existing loans of the Group. Please refer to the announcement of the Company dated 17 November 2017 for further details. The bank loans, namely the GH FORTUNE/GH PROSPERITY Loan[1], the GH POWER Loan[2], the GH GLORY Loan[3], the GH HARMONY Loan[4] and the GH FORTUNE, GH GLORY and GH HARMONY Loan[5], 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 24 November 2017, the GH FORTUNE/GH PROSPERITY Loan, the GH GLORY Loan and the GH HARMONY Loan were fully repaid from the loan proceeds received from the GH FORTUNE, GH GLORY and GH HARMONY Loan.

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

Notes:

1. "GH FORTUNE/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.

5. "GH FORTUNE, GH GLORY AND GH HARMONY Loan" represents a term loan for the aggregate principal amount of US$20 million for refinancing the GH FORTUNE/GH PROSPERITY Loan, GH GLORY Loan and the GH HARMONY Loan. Such term loan shall be repaid by 20 consecutive quarterly instalments, commencing on the date three months after 24 November 2017.

Charges on assets

As at 30 September 2017, the Group had pledged the following assets to banks as securities against banking facilities granted to the Group:

	30 September 2017 *US$'000* **(Unaudited)**	31 March 2017 *US$'000* (Audited)
Property, plant and equipment	**49,054**	50,313
Pledged bank deposits	**3,957**	3,031
	53,011	53,344

Exposure to fluctuations in exchange rate risk and related hedges

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

During the six months ended 30 September 2017, 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 2017 was US$10.3 million (as at 31 March 2017: US$10.9 million).

Contingent liabilities

There were no significant contingent liabilities for the Group as at 30 September 2017.

Interim dividend

The Board does not recommend any interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: 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 2017.

Employees' remuneration and retirement scheme arrangements

As at 30 September 2017, the Group had a total of 95 employees (as at 30 September 2016: 92 employees). For the six months ended 30 September 2017, the total salaries and related costs (including Directors' fees) amounted to approximately US$2.2 million (as at 30 September 2016: US$2.2 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

The Company has adopted the principles and code provisions of the Corporate Governance Code ("CG CODE") contained in Appendix 14 to the Listing Rules as the Company's code on corporate governance practices. Throughout the six months ended 30 September 2017, 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 2017.

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 2017, which has also been reviewed by the Group's 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 2017

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 reported a net loss attributable to the equity holders of US$1,918,000. As at the same date, the Group's current liabilities exceeded its current assets by US$23,392,000. In addition, the Group failed to comply with certain vessel ratio requirement of a bank borrowing of approximately US$10,314,000 as at 30 September 2017, entitling the bank to request for remedial action by the Group, failing which may result in default of that bank borrowing. These events or conditions, along with other matters as set forth in Note 2.1 to the unaudited interim condensed consolidated financial information, indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Our conclusion is not 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 2017 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, 28 November 2017

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.