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 2018

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 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2018

		Unaudited Six months ended 30 September	
		2018	2017
	Note	***US$'000***	*US$'000*
Revenue	4	**8,235**	6,252
Cost of services		**(4,319)**	(4,819)
Gross profit		**3,916**	1,433
Other (losses)/gains — net		**(658)**	998
Other income		**43**	21
Reversal of impairment loss on property, plant and equipment		**13,000**	—
General and administrative expenses		**(1,547)**	(1,440)
Operating profit		**14,754**	1,012
Finance income		**5**	—
Finance expenses		**(2,940)**	(2,676)
Finance costs — net		**(2,935)**	(2,676)

	Note	Unaudited Six months ended 30 September 2018 US$'000	2017 US$'000
Profit/(loss) before income tax		**11,819**	(1,664)
Income tax expense	5	**(180)**	(225)
Profit/(loss) for the period		**11,639**	(1,889)
Profit/(loss) attributable to:			
— Owners of the Company		**11,627**	(1,918)
— Non-controlling interests		**12**	29
		11,639	(1,889)
Other comprehensive income/(loss) for the period			
Items that may be reclassified to profit or loss			
Currency translation differences		**(4,098)**	1,711
Total comprehensive income/(loss) for the period		**7,541**	(178)
Total comprehensive income/(loss) attributable to:			
— Owners of the Company		**7,899**	(361)
— Non-controlling interest		**(358)**	183
		7,541	(178)
Earnings/(loss) per share attributable to owners of the Company			
— Basic earnings/(loss) per shares	6(a)	**US1.25 cents**	(US0.21 cents)
— Diluted earnings/(loss) per shares	6(b)	**US1.03 cents**	(US0.21 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Note	**Unaudited 30 September 2018 US$'000**	Audited 31 March 2018 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**59,625**	47,906
Investment properties		**64,281**	69,528
Pledged bank deposits		**2,078**	2,048
		125,984	119,482
Current assets			
Trade and other receivables	8	**2,122**	1,980
Pledged bank deposits		**4,320**	4,734
Cash and cash equivalents		**1,554**	1,054
		7,996	7,768
Total assets		**133,980**	127,250
EQUITY			
Equity attributable to owners of the Company			
Share capital		**1,220**	1,188
Reserves		**32,487**	18,144
		33,707	19,332
Non-controlling interest		**3,932**	4,290
Total equity		**37,639**	23,622
LIABILITIES			
Non-current liabilities			
Borrowings and loans		**15,966**	20,581
Convertible bonds		**41,940**	39,998
Deferred income tax liabilities		**15,280**	16,526
		73,186	77,105
Current liabilities			
Other payables and accruals		**6,095**	5,856
Borrowings and loans		**17,060**	15,944
Convertible bonds		**—**	4,723
		23,155	26,523
Total liabilities		**96,341**	103,628
Total equity and liabilities		**133,980**	127,250

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

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

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

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

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2018 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 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

2.1 Going concern basis

As at 30 September 2018, the Group's current liabilities exceeded its current assets by US$15,159,000 which included borrowings and loans of US$17,060,000 repayable within one year, while the Group's cash and cash equivalents balance was US$1,554,000.

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

The directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from 30 September 2018. The directors are of the opinion that, after taking into account the following plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the twelve months from 30 September 2018:

(i) On 30 March 2018, the ultimate holding company of the Group, together with the Company's two directors, Mr. Yan Kim Po and Ms. Lam Kwan, (collectively, the "Guarantors"), entered into a deed of funding undertakings to provide funding to the Group. The funding notice could be issued at the discretion of the Company to the ultimate holding company and the Guarantors and the total amount of funding undertakings shall not exceed US$30,000,000. The deed was renewed on 30 September 2018 to extend the period of funding notice to 31 December 2019. The above deed entered on 30 March 2018 was superseded by this renewal deed, and had ceased to be effective on 30 September 2018.

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

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

As at 30 September 2018, the Group had a total of US$4,500,000 of loan from the ultimate holding company under the terms of the deed, of which US$3,000,000 is scheduled to be repaid in April 2019 and the remaining is scheduled to be repaid in January 2020. The amount of available funding under the deed of funding undertakings was US$25,500,000 as at 30 September 2018.

(ii) In respect of the bank borrowing of approximately US$7,615,000 which will mature in February 2019, the directors plan to negotiate with the bank to extend the bank borrowing as and when needed.

(iii) The Group does not have any significant capital or other commitment as at 30 September 2018. In respect of the Group's investment properties development in Hainan, the Group is in the process of applying for the land development approval. The Group does not have any significant commitment for capital expenditure of such developments at this stage and no significant expenditures in relation to such development will be committed by the Group before securing the necessary funding.

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

The directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the twelve months from 30 September 2018. Accordingly, the directors are satisfied that it is appropriate to prepare the condensed consolidated interim financial information on a going concern basis.

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

(i) Whether the ultimate holding company and the Guarantors will be able to provide further funding advance of up to US$25,500,000 to the Group as and when needed which will be repayable beyond twelve months from 30 September 2018;

(ii) If necessary, whether the Group can successfully negotiate with the bank to extend the bank borrowing which will mature in February 2019;

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

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

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

3 ACCOUNTING POLICIES

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

(a) New and amended standards adopted by the Group

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

Annual Improvements Projects HKFRS 1 and HKAS 28	Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Clarification to HKFRS 15
Amendments to HKAS 40	Investment Property
HK (IFRIC) Int-22	Foreign Currency Transactions and Advance Consideration

The adoption of the above new standards, amendments, improvement and interpretation to existing HKFRSs do not have a material impact on the Group, except for HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers as set out in Note 3(c).

(b) New and amended standards not yet effective for the financial year beginning on 1 April 2018 and have not been early adopted by the Group

		Effective for accounting periods beginning on or after
Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23	Annual improvements 2015–2017 Cycle	1 April 2019
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement	1 April 2019
Amendments to HKFRS 9	Prepayment Features with Negative Compensation	1 April 2019
Amendments to HKAS 28	Interests in Associates and Joint Ventures	1 April 2019
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments	1 April 2019
HKFRS 16	Leases	1 April 2019
HKFRS 17	Insurance Contracts	1 April 2021
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

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

HKFRS 16 "Leases"

HKFRS 16 "Leases" was issued in January 2016. It will result in almost all leases being recognised on the condensed consolidated statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard will affect primarily the accounting for the Group's operating leases. As at 30 September 2018, the Group has non-cancellable operating lease commitments of US$643,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16. The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 April 2019. The Group does not intend to adopt the standard before its effective date.

(c) Changes in accounting policies

(i) HKFRS 9 Financial Instruments — Impacts of adoption

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 Financial Instruments from 1 April 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 3(c)(ii) below. In accordance with the transitional provision in HKFRS 9, comparative figures have not been restated. There is no impact on classification on financial assets and financial liabilities from adoption of HKFRS 9.

The Group applies the simplified approach permitted by HKFRS 9 for trade and other receivables, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The results of the revision at 1 April 2018 have not resulted in any material change in impairment provision or any material impact on the carrying amount of the Group's trade and other receivables.

(ii) HKFRS 9 Financial Instruments — Accounting policies applied from 1 April 2018

Equity investments and other financial assets

Classification and measurement

From 1 April 2018, the Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income ("FVOCI"); or through profit or loss ("FVPL"), and

- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual term of the cash flows.

For assets measured at fair value, gain and loss will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Equity investments previously classified as available-for-sale

The Group subsequently measures all equity investments at fair value. Where the Group has elected to present fair value gain and loss on equity investment in OCI, there is no subsequent reclassification of fair value gain and loss to profit or loss following the derecognition of the investments. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at financial assets at fair value through profit or loss are recognised in other income/(expenses) in the condensed consolidated statement of comprehensive income as applicable. Impairment loss (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets

From 1 April 2018, the Group assesses on a forward looking basis the expected credit losses associated depends on whether there has been a significant increase in credit risk. For trade and other receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iii) HKFRS 15 Revenue of Contracts from Customers — Impact of adoption

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 April 2018. In accordance with the transition provisions in HKFRS 15, the comparative information for prior periods is not restated, the Group recognises the cumulative effect of initial applying the guidance as adjustments to the opening balance of accumulated losses on 1 April 2018, and the Group applies the new guidance only to contracts that are not yet completed on that date.

Presentation of contract assets and contract liabilities

Reclassifications were made as at 1 April 2018 to be consistent with the terminology used under HKFRS 15:

- Contract liabilities relating to advance from customers with contracts were previously included in trade and other payables.

Revenue for time charter is one performance obligation per shipment, which is rendered on a period-related basis, i.e. for the duration of transport. Since revenue from time charter is already recognised and categorized on a period-related basis, the first time application of HKFRS 15 has not had any significant effects in relation to the revenue recognition. A contract liability (included in trade and other payables) is recognised for the advance from customers with contracts.

4 REVENUE AND SEGMENT INFORMATION

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

The operating segments comprise:

— Chartering of vessels

— Property investment and development

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

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

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

(a) Segment revenue, results and other information

	Chartering of vessels *US$'000*	**Property investment and development** *US$'000*	**Others** *US$'000*	**Total** *US$'000*
Six months ended 30 September 2018				
Revenue	**8,235**	**—**	**—**	**8,235**
Segment profit/(loss)	**13,896**	**(1,634)**	**(443)**	**11,819**
Depreciation	**(1,246)**	**(22)**	**—**	**(1,268)**
Finance income	**5**	**—**	**—**	**5**
Finance cost	**(849)**	**(1,941)**	**(150)**	**(2,940)**

	Chartering of vessels *US$'000*	Property investment and development *US$'000*	Others *US$'000*	Total *US$'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)

(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 2018				
Segment assets	**69,104**	**64,553**	**323**	**133,980**
As at 31 March 2018				
Segment assets	57,275	69,826	149	127,250

(c) Geographical information

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

5 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2017: 16.5%) on the estimated assessable profit for the six months ended 30 September 2018. The subsidiary established in the PRC is subject to corporate income tax rate of 25% (six months ended 30 September 2017: 25%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

	Six months ended 30 September	
	2018	2017
	US$'000	*US$'000*
Current income tax		
— Hong Kong profits tax	**—**	—
Deferred income tax	**180**	225
Income tax expense	**180**	225

6 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(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	
	2018	2017
	US Cents	*US Cents*
Basic earnings/(loss) per share attributed to the owners of the Company	**1.25**	(0.21)

(b) Diluted earnings/(loss) per share

	Six months ended 30 September	
	2018	2017
	US Cents	*US Cents*
Diluted earnings/(loss) per share attributed to the owners of the Company	**1.03**	(0.21)

Diluted earnings/(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. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share prices of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options and convertible bonds. The number of shares calculated is compared with the number of shares that would have been issued assuming the exercise of the share options and convertible bonds.

Diluted loss per share for the six months ended 30 September 2017 equals basic loss per share as the exercise of outstanding share options and convertible bonds would be anti-dilutive.

(c) Reconciliation of earnings used in calculating earnings per share

	Six months ended 30 September 2018 *US$'000*
Basic earnings per share	
Profit attributable to the owners of the Company used in calculating basic earnings per share	**11,627**
Diluted earnings per share	
Profit attributable to the owners of the Company used in calculating basic earnings per share	**11,627**
Add: interest saving on convertible bonds	**1,942**
Profit attributable to the owners of the Company used in calculating diluted earnings per share	**13,569**

(d) Weighted average number of shares used as the denominator

	Six months ended 30 September 2018 *Number*
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share *(thousands)*	**931,552**
Adjustments for calculation of diluted earnings per share	
Share options *(thousands)*	**8,787**
Convertible bonds *(thousands)*	**381,843**
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share *(thousands)*	**1,322,182**

7 DIVIDENDS

The board of directors does not recommend the payment of interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: Nil).

8 TRADE AND OTHER RECEIVABLES

	As at	
	30 September 2018	31 March 2018
	US$'000	*US$'000*
Trade receivables	**1,374**	1,163
Less: Provision for impairment of trade receivables	**(31)**	(31)
Trade receivables, net	**1,343**	1,132
Prepayments and deposits	**653**	718
Other receivables	**118**	122
Other receivables from related parties	**8**	8
	2,122	1,980

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

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

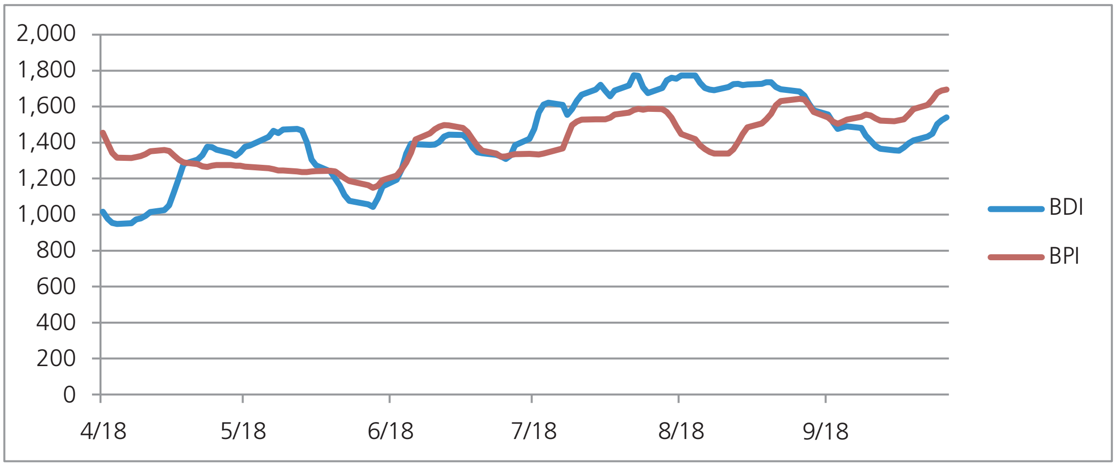
As at 30 September 2018 and 31 March 2018, the ageing analysis of trade receivables based on invoice date was as follows:

	As at	
	30 September 2018	31 March 2018
	US$'000	*US$'000*
0–30 days	**1,321**	1,108
31–60 days	**—**	—
61–365 days	**6**	21
Over 365 days	**47**	34
	1,374	1,163

MANAGEMENT DISCUSSION AND ANALYSIS

Market review

Daily Variation Chart of Baltic Dry Index (BDI) and Baltic Panamax Index (BPI)
3 April 2018–28 September 2018



BDI high at 1,774 in July 2018, low at 948 in April 2018, average at 1,436.41

BPI high at 1,695 in September 2018, low at 1,149 in May 2018, average at 1,411.98

In succession of the level from last year, the spot freight for dry bulk marine transportation market remains at a higher level in 2018. The rising demand for marine transportation of bulk grains in South America and the maintenance and growth of China's imports of iron ore and coal supported and helped to maintain and increase the spot freight. The average BDI was 1,436 points during the period from April 2018 to September 2018, representing an increase of 398 points or approximately 38% as compared to 1,038 points for the corresponding period of 2017. The average daily charter rate of panamax vessels was US$11,343 per day from April to September this year, representing an increase of US$2,080 per day or approximately 22% as compared to an average of US$9,263 per day for the corresponding period of last year. The charter hire transactions resumed their operations, while the cargo owners and charterers started to request for charter hire with higher rate and longer term in an effort to balance the risks of and pressure from cargo transportation, which provided the vessels' owners with another business choice that they might set the charter period for one year or more. Among different kinds of vessels, panamax vessels remained relatively stable in the freight market, while capsize vessels witnessed relatively significant fluctuation, which revealed that the freight market would still be in a relatively long transition period prior to resuming to stable operation. While the freight market rebounded, the low freight rate during the previous two years resulted in the delay in fleet modification by vessel owners as well as the decrease in investment in dry bulkers by new vessel investors. Such phenomenon led to the decline in both orders and delivered quantity of new build vessels. However, due to the higher spot freight this year, the dismantlement of vessels has also dropped dramatically. The dismantlement of old vessels this year is only a quarter of last year's, and the actual growth of fleet this year remained unchanged from last year. There is still oversupply in shipping market. The market prediction and statistics from vessel broker companies expect the demand of dry bulk marine transportation can reach a growth of approximately 3% this year, as compared to the growth of fleet size of approximately 2%. The oversupply of vessels is expected to continue to be alleviated.

Given the slow global economic growth, though the estimated economic growth for 2018 by the International Monetary Fund ("IMF") was 3.7%, the annual growth of demand in the dry bulk marine transportation was only 3%, which could not alleviate the situation of the oversupply of vessel. The favourable factor in the spot freight market is that China's import volume of dry bulk cargoes is relatively large and has maintained its substantial actual growth this year. China's import volume of iron ore and coal has been over 0.8 billion tons and 0.22 billion tons from January to September, respectively. Besides, the import volume of soybean and grains was basically unchanged from last year with a total of approximately 87.74 million tons. The upward trends of import volume of iron ore, coal, soybean and grains made significant contribution to the stability of dry bulk marine transportation market, and also maintained and promoted the stability and rebound of the spot freight.

Business Review

The Group's vessels were under sound operation for the six months ended 30 September 2018. Currently, the fleet size of the Group is 319,923 dwt, and the average age of the fleet is approximately 12 years. The fleet maintained a high operational level with an occupancy rate of approximately 99.7% for the six months ended 30 September 2018. The average daily charter hire income of the vessels was approximately US$11,596, representing an increase of US$2,834 per day as compared to the corresponding period last year, with a growth rate of approximately 32%, 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 this year with zero adverse incident. All freight rate and charter hire 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

In the fourth quarter of 2018, the seasonal rise in dry bulk cargo market has been evident, and spot freight is in a higher level and is expected to rise further. China's import of iron ore is expected to remain high, and China's coal import is expected to increase further, all of which will support and help to stabilise and further promote the spot freight. It is expected that both the spot freight rate and average daily income of vessels this year will be higher than those of last year, and we hope that such momentum will last for a longer period. Although there is an alleviation in the oversupply condition in the vessel market, there is no fundamental change to such condition. The growth of dry bulk fleet is expected to be approximately 2%, while the growth of dry bulk marine transportation is predicted to be approximately a mere 3% this year. Therefore, the current supply glut of dry bulk vessels will remain and the spot freight market will continue to be operated under the pressure of excess supply of vessels. The forecast from IMF on the global economic growth in 2018 is 3.7%, which remains the same as last year; while the international trade volume growth is predicted to increase by 4.4%, which is lower than that of last year. Both of the two indices were adjusted lower in the report of October. We hope that the growth of demand for marine transportation can be further pushed forward by the economic growth. 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 vessels. The transactions of the vessel chartering market are active and the transaction volume has also increased. Both cargo owners and charterers are balancing their own cargo demand and controlling their risks by limiting transportation capacity. It is expected to pose a positive effect on the spot freight market in the future.

According to statistics and forecast from shipping broker companies, the import volume of major dry bulk cargoes in China such as iron ore and coal is forecasted to increase by 1% and 10% respectively this year, which is expected to support the stability and growth of the spot freight this year. Meanwhile, China will import more bulk grains from South America, which provides a better support to the marine transportation demand for panamax vessels.

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

On 10 May 2016, Top Build Group Ltd. ("Top Build") holds indirectly through its subsidiaries 91% interest in a company in the People's Republic of China ("PRC") which holds the Land in Haikou. The Haikou local government subsequently rearranged its plans on the surroundings and ancillary facilities of the Lands held by the Group in Haikou.

On 11 October 2018, the Company and two individuals entered into a memorandum of understanding (the "MOU") in relation to the proposed investment by the Group in the online hospitality services, online travel transaction services and real estate agency services business in Hainan, the PRC.

Driven by the strong economic growth and development in the PRC, the increase in population in Hainan and the limited supply of residential property due to government policy, the land premium and prices of real estates in Hainan had increased substantially in recent years. To capture the opportunities prompted by the increase in demand of residential property, the Group plans to develop its property development project into a "cultural and tourism real estate" project (the "Project") for the development of villas, loft apartment, low density villas, retail, carpark and other ancillary facilities with approximately 130,000 square meters. As the Haikou local government has finalized its plans, the Project is currently under the procedure of construction application.

With the integration "Quartet Five Ports (四方五港)" in Hainan, the proposed development of intra-island high speed train services, upgrade of four major airports, development of 11 artificial islands for tourism, five theme parks and the expected development of horse-racing events in Hainan, the Directors consider the transaction contemplated under the MOU as an opportunity for the Group to broaden its income spectrum on one hand, and believe that the hospitality, tourism-related and real estate agency business can create a synergy effect with the property development project of the Group in Hainan on the other hand. Please refer to the announcement of the Company dated 11 October 2018 for further details.

Financial review

Revenue

Marine transportation demand experienced relatively stable growth during the six months ended 30 September 2018. The revenue of the Group followed the growth trend in the freight market and increased from about US$6.3 million for the six months ended 30 September 2017 to about US$8.2 million for the six months ended 30 September 2018, representing an increase of about US$1.9 million, or about 31.7%. The average Daily TCE of the Group's fleet increased from approximately US$8,800 for the six months ended 30 September 2017 to approximately US$11,600 for the six months ended 30 September 2018.

Cost of services

Cost of services of the Group decreased from about US$4.8 million for the six months ended 30 September 2017 to about US$4.3 million for the six months ended 30 September 2018, representing a decrease of approximately US$0.5 million. Our cost control strategy was efficiently working such that most direct costs were keeping in minimal increase. At the same time, benefit from the recovery in bunker market price, the mark to market gain of bunker inventory has far above the increase in operating cost.

Gross profit

Gross profit further improved from about US$1.4 million for the six months ended 30 September 2017, to gross profit amount to about US$3.9 million for the six months ended 30 September 2018, representing an increase of approximately US$2.5 million, while the gross profit margin improved from approximately 22.9% for the six months ended 30 September 2017 to approximately 47.6% for the six months ended 30 September 2018.

General and administrative expenses

General and administrative expenses of the Group increased from approximately US$1.4 million for the six months ended 30 September 2017 to approximately US$1.5 million for the six months ended 30 September 2018, representing an increase of approximately US$0.1 million or approximately 7.4%. 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$2.7 million for the six months ended 30 September 2017 to approximately US$2.9 million for the six months ended 30 September 2018, representing an increase of approximately US$0.2 million or approximately 9.9%. Such increase was mainly attributable to the increase in loan from the ultimate holding company.

Profit/(loss) for the period

The Group turned to a profit of approximately US$11.6 million for the six months ended 30 September 2018 as compared with a loss of approximately US$1.9 million for the six months ended 30 September 2017. Such turn around was mainly due to (i) the recovery of the operating environment of the global bulker shipping market. Due to the rise in dry bulk cargo market and the PRC's import of coal, the spot freight rate has increased. Revenue from spot freight has increased accordingly; and (ii) the reversal of the impairment losses of the Group's vessels as a result of the recovery in the marine transportation industry.

Liquidity, financial resources, capital structure and gearing ratio

As at 30 September 2018, the Group's cash and cash equivalent amounted to approximately US$1.6 million (as at 31 March 2018: approximately US$1.0 million), of which approximately 75.0% was denominated in US$, approximately 23.0% in HK$ and approximately 2.0% was denominated in RMB. Outstanding bank loans amounted to approximately US$25.1 million (as at 31 March 2018: approximately US$28.8 million) and other borrowings amounted to approximately US$49.8 million (as at 31 March 2018: approximately US$52.5 million), which were denominated in US$.

As at 30 September 2018 and 31 March 2018, the Group had a gearing ratio (being the bank loans and other borrowings of the Group divided by the total assets of the Group) of about 56.0% and 63.8% respectively. The decrease in gearing ratio as at 30 September 2018 was mainly due to the appreciation of investment property, the reversal of impairment loss of the Group's vessels, the repayment of bank loans and the conversion of entire principle amount of First Convertible Bonds into shares.

The Group recorded net current liabilities of about US$15.2 million as at 30 September 2018 and approximately US$18.8 million as at 31 March 2018. It was mainly due to the entire principle amount of First Convertible Bonds due in 2018 amounted to US$3.0 million (at 31 March 2018: approximately US$3.0 million) was being converted into shares during the six months ended 30 September 2018.

On 17 November 2017, certain members of the Group has entered into a new bank borrowing agreement of US$20.0 million (i.e. the GH FORTUNE/GLORY/ HARMONY Loan) to refinance the Group's bank borrowings of three vessels, namely, GH FORTUNE, GH GLORY and GH HARMONY. After the drawdown of GH FORTUNE/GLORY/HARMONY Loan, the GH FORTUNE/GH PROSPERITY Loan, the GH GLORY Loan and the GH HARMONY Loan was fully repaid. The principal amount of the GH FORTUNE/GLORY/HARMONY Loan shall be repaid in five years. Principal amount of approximately US$16.0 million were classified as non-current liability as at 31 March 2018. The GH FORTUNE/GLORY/HARMONY Loan is also subject to compliance of certain restrictive financial undertakings for which the Group will continue to monitor.

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 2018.

The Group monitors the current and expected liquidity requirements regularly to mitigate the effects of fluctuations in cash flows. The Company has entered into four loan facility agreements with Ablaze Rich Investments Limited ("Ablaze Rich") on 28 April 2015, 19 January 2017, 12 April 2017 and 15 January 2018 for loan facilities in the total amount of US$2.0 million (the "First Facility"), US$3.0 million (the "Second Facility"), US$3.0 million (the "Third Facility") and US$1.5 million (the "Fourth

Facility") respectively. The full loan amount had been drawn down by the Company under the First Facility, the Second Facility, the Third Facility and the Fourth Facility. The First Facility was repayable on or before 27 April 2017, the Second Facility will be repayable on or before 18 January 2019, the Third Facility will be repayable on or before 11 April 2019 and the Fourth Facility will be repayable on or before 16 January 2020 respectively. These loan facilities were unsecured and carried an interest of 4% per annum. As at 30 September 2018, the drawn amount under the First Facility had been fully repaid by the Company. The drawn amount under Second Facility, Third Facility and Fourth Facility had not been repaid yet. The disinterested members of the Board (including the independent non-executive directors) consider that as the First Facility, the Second Facility, the Third Facility and the Fourth Facility are all on normal commercial terms or better and are not secured by the assets of the Group, the receipt of financial assistance by the Group thereunder are fully exempt under Rule 14A.90 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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

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

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

The Group's liquidity requirements will be satisfied by a combination of cash flow generated from working capital arising from operating activities, 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$3.0 million, which may be converted into 19,763,513 Shares at the conversion price of HK$1.184 per conversion share at the exchange rate of HK$7.8 to US$1.0.

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

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

As at 31 August 2018, the entire principal amount of the First Convertible Bonds was 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.

As announced by the Company on 10 May 2016, completion of the acquisition of the entire issued share capital of Top Build took place on 10 May 2016 and the Top Build Convertible Bonds for the aggregate principal amount of US$54.0 million were issued.

As at 30 September 2018, the entire principal amount of the Top Build Convertible Bonds remained outstanding.

Exposure to fluctuations in exchange rate risk and related hedges

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

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

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

Pursuant to Rule 13.18 of the Listing Rules, a general disclosure obligation will arise where an issuer or any of its subsidiaries enters into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholders, such as a requirement to maintain a specified minimum holding in the share capital of the issuer. As at 30 September 2018, the Group recorded outstanding bank loans of about US$25.1 million and all the bank loans carried interest at floating rate. The bank loans, namely the GH POWER Loan and the GH FORTUNE/GLORY/HARMONY Loan, were for financing the acquisition costs of vessels of the Group and were secured by, inter alia, the following:

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

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

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

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. The GH FORTUNE/GH PROSPERITY Loan has been fully repaid.

2. "GH GLORY Loan" represents a term loan for the principal amount of US$26.0 million for financing the acquisition costs of GH GLORY. 70% of the principal amount of the bank loan shall be repayable by 28 consecutive quarterly instalments of US$650,000 commencing three months from the drawdown date, and the remaining 30% of the principal amount of the loan to be repaid together with the last quarterly instalment. The GH GLORY Loan has been fully repaid.

3. "GH HARMONY Loan" represents a term loan for the principal amount of US$16.0 million for financing the acquisition costs of GH HARMONY. The principal amount of the bank loan shall be repayable by 28 consecutive quarterly instalments commencing three months from 14 July 2014. The GH HARMONY Loan has been fully repaid.

4. "GH FORTUNE/GLORY/HARMONY Loan" represents a term loan for the principal amount of US$20.0 million for refinancing the three vessels owned by the Group, namely, GH FORTUNE, GH GLORY and GH HARMONY. The principal amount of the bank loan shall be repayable by 20 consecutive quarterly instalments commencing three months from 24 November 2017.

5. "GH POWER Loan" represents a term loan for the principal amount of US$39.0 million for financing the acquisition costs of GH POWER. The principal amount shall be repaid by 43 consecutive quarterly instalments commencing three months from 11 February 2008 with final repayment date on 28 February 2019.

Charges on assets

As at 30 September 2018, the Group had pledged the following assets to banks as securities against banking facilities granted to the Group:

	30 September 2018	31 March 2018
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Property, plant and equipment	**59,508**	47,755
Pledged bank deposits	**6,398**	6,782
	65,906	54,537

Contingent liabilities

For the six months ended 30 September 2018, the Inland Revenue Department ("IRD") of Hong Kong is in the process of tax review of a subsidiary of the Group for the year of assessments 2010/2011 and 2011/2012.

After taking into account the recent developments of IRD's review, the Directors consider that the Group's taxation charges as at 30 September 2018 are adequate and fairly presented. If the final outcome of IRD's review is different from the Directors' expectation, further provision for tax and any related surcharges may be required. The Group has been closely monitoring the status of IRD's review and will revise their expectations when preparing future financial statements in the future periods if necessary.

Save as disclosed above, the Group had no other material contingent liabilities as at 30 September 2018.

Interim dividend

The Board does not recommend any interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: 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 2018.

Employees' remuneration and retirement scheme arrangements

As at 30 September 2018, the Group had a total of 94 employees (as at 30 September 2017: 95 employees). For the six months ended 30 September 2018, the total salaries and related costs (including Directors' fees) amounted to approximately US$2.3 million (as at 30 September 2017: 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 2018, 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 2018.

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 2018, 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 2018

Conclusion

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

Emphasis of Matter

We draw your attention to Note 2.1 to the interim financial information, which states that the Group's current liabilities exceeded its current assets by US$15,159,000 as at 30 September 2018, which included borrowings and loans of US$17,060,000 repayable within one year, while the Group's cash and cash equivalents balance was US$1,554,000. These conditions, as set forth in Note 2.1 to the interim financial information, indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company's website (www.greatharvestmg.com). The interim report of the Company for the six months ended 30 September 2018 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 2018

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