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 2020

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 2020 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 September 2020*

| | | **Unaudited Six months ended 30 September** | |
|---|---|---|---|
| | | **2020** | 2019 |
| | *Note* | ***US$'000*** | *US$'000* |
| Revenue | 4 | **5,599** | 7,095 |
| Cost of services | | **(5,786)** | (5,205) |
| **Gross (loss)/profit** | | **(187)** | 1,890 |
| Other gains | | **1,002** | 664 |
| Other income | | **42** | 11 |
| General and administrative expenses | | **(1,189)** | (1,372) |
| **Operating (loss)/profit** | | **(332)** | 1,193 |
| Finance costs | | **(2,957)** | (2,939) |

| | Note | Unaudited Six months ended 30 September **2020** ***US$'000*** | 2019 *US$'000* |
|---|---|---|---|
| Loss before income tax | | **(3,289)** | (1,746) |
| Income tax expense | 5 | **(419)** | (166) |
| **Loss for the period** | | **(3,708)** | (1,912) |
| **(Loss)/profit attributable to:** | | | |
| — Owners of the Company | | **(3,764)** | (1,938) |
| — Non-controlling interest | | **56** | 26 |
| | | **(3,708)** | (1,912) |
| **Other comprehensive income/(loss) for the period** | | | |
| *Item that may be reclassified to profit or loss* | | | |
| Currency translation differences | | **1,815** | (2,131) |
| **Total comprehensive loss for the period** | | **(1,893)** | (4,043) |
| **Total comprehensive (loss)/income attributable to:** | | | |
| — Owners of the Company | | **(2,112)** | (3,877) |
| — Non-controlling interest | | **219** | (166) |
| | | **(1,893)** | (4,043) |
| **Loss per share attributable to owners of the Company** | | | |
| — Basic loss per share | 6(a) | **(US$0.40 cents)** | (US$0.20 cents) |
| — Diluted loss per share | 6(b) | **(US$0.40 cents)** | (US$0.20 cents) |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2020*

| | Note | Unaudited 30 September 2020 *US$'000* | Audited 31 March 2020 *US$'000* |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **50,289** | 50,197 |
| Investment properties | | **70,043** | 66,336 |
| Pledged deposit | | **500** | 500 |
| Pledged bank deposits | | **2,022** | 2,144 |
| | | **122,854** | 119,177 |
| **Current assets** | | | |
| Trade receivables, deposits, prepayments and other receivables | 8 | **1,864** | 3,235 |
| Pledged bank deposits | | **1,447** | 913 |
| Cash and cash equivalents | | **350** | 266 |
| | | **3,661** | 4,414 |
| **Total assets** | | **126,515** | 123,591 |
| **EQUITY** | | | |
| **Equity attributable to owners of the Company** | | | |
| Share capital | | **1,221** | 1,221 |
| Reserves | | **17,532** | 19,644 |
| | | **18,753** | 20,865 |
| Non-controlling interest | | **4,238** | 4,019 |
| **Total equity** | | **22,991** | 24,884 |

| | Note | Unaudited 30 September 2020 US$'000 | Audited 31 March 2020 US$'000 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Borrowings and loans | | **16,772** | 16,987 |
| Convertible bonds | | **—** | 48,347 |
| Deferred income tax liabilities | | **16,710** | 15,814 |
| | | **33,482** | 81,148 |
| **Current liabilities** | | | |
| Other payables and accruals | | **7,395** | 7,455 |
| Borrowings and loans | | **11,821** | 10,104 |
| Convertible bonds | | **50,693** | — |
| Tax payables | | **133** | — |
| | | **70,042** | 17,559 |
| **Total liabilities** | | **103,524** | 98,707 |
| **Total equity and liabilities** | | **126,515** | 123,591 |

# 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 principally engaged in chartering of dry bulk vessels and property investment and development. The principal activity of the Company is investment holding.

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

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

The condensed consolidated interim financial information is presented in United States dollars ("US$"), unless otherwise stated.

## 2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2020 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This condensed consolidated interim financial information does not include all the notes of the type normally included in an annual consolidated financial statements. Accordingly, this condensed consolidated interim financial information is to be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2020 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and any public announcements made by the Company during the interim reporting period.

### 2.1 Going concern basis

For the period ended 30 September 2020, the Group recorded a net loss attributable to owners of the Company of US$3,764,000 and, as at 30 September 2020, the Group's current liabilities exceeded its current assets by US$66,381,000, which included borrowings and loans of US$11,821,000 that will be repayable within one year and convertible bonds for an aggregate principal amount of US$54,000,000 that will mature in May 2021, while the Group's cash and cash equivalents balance was US$350,000. Further, during the period ended 30 September 2020 and up to the date of this condensed consolidated interim financial information, the Group's business operations have been affected by the outbreak of Coronavirus Disease 2019 ("COVID-19"), which continued to have a negative impact on the Group's operating cash flows.

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

The directors of the Company have reviewed the Group's cash flow projections in which the volatility of the shipping market and the outbreak of COVID-19 have been considered. This projection covers a period of twelve months from 30 September 2020.

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 2020:

(i) On 31 March 2019, the ultimate holding company of the Group, together with the Company's two directors, Mr. Yan Kim Po ("Mr. Yan") and Ms. Lam Kwan ("Ms. Lam"), (collectively, the "Guarantors"), entered into a deed of funding undertakings to provide funding to the Group. The funding notice request 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 2020 to extend the period of funding notice to 30 September 2022 with other major terms and conditions remain as unchanged. The above deed entered on 31 March 2019 was superseded by this deed, and had ceased to be effective from 30 September 2020.

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

    The undertakings shall cease to have effect after twenty four months from 30 September 2020 (the date of the deed) or upon the Company or any subsidiary of the Group having obtained additional long- term external bank borrowings or other sources of long-term financing with a principal amount of not less than US$30,000,000, whichever is the earlier.

    As at 30 September 2020, the Group had obtained a total of US$13,100,000 of loan from the ultimate holding company of which US$10,100,000 was obtained under the terms of the deed. US$6,000,000 and US$2,000,000 of the loan balance will be repayable by March 2021 and April 2021 respectively. The remaining will be repayable by January 2022, March 2022 and June 2022 respectively. The ultimate holding company has confirmed its intention to extend the maturity of loans for 2 years on the respective maturity dates as necessary and as such the directors of the Company are of the opinion that the repayment of such balances maturing by 30 September 2021 will be extended beyond 30 September 2021. The remaining amount of funding available under the deed of funding undertakings was US$19,900,000 as at 30 September 2020.

(ii) Management are of the opinion that based on the current business performance and development of the Group, the holder of the convertible bonds will convert the convertible bonds in full by the maturity date. In case the bond holder does not convert fully the bonds by the maturity date, management will negotiate with the bond holder, and strongly believes that the bond holder will agree, to extend the maturity of the bonds for not less than twelve months on the maturity date under the same terms and conditions of the sales and purchase agreement.

(iii) The Group does not have any significant capital or other commitments as at 30 September 2020. 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 in respect of such projects 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, including the raising of funds through capital market, to finance the settlement of its existing financial obligations and future operating and capital expenditures.

(v) In light of the COVID-19 outbreak, the Group is closely monitoring the latest development and will continue to assess the impact of the pandemic, as well as any change in government policies, on the Group's operations from time to time and adjust its business strategy for its chartering business to generate sufficient cash from its operations.

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 2020. 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 uncertainties exist as to whether management of the Group is able to achieve its plans and measures as described above which have incorporated assumptions about future events and conditions that are subject to inherent uncertainties. Whether the Group will be able to continue as a going concern would depend upon the following:

(i) Whether the ultimate holding company and the Guarantors will be able to provide further funding of up to US$19,900,000 to the Group under the above deed of funding undertakings as and when needed; and whether the ultimate holding company will extend the repayment term of the relevant loans upon maturity for a period which will be beyond 30 September 2021;

(ii) Whether the holder of convertible bonds will convert the convertible bonds in full by the maturity date, and in case the bond holder does not fully convert the bond by the maturity date, whether management will successfully negotiate with the bond holder to extend the maturity of the bond for not less than twelve months on the maturity date under the same terms and conditions of the sales and purchase agreement;

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

(iv) Whether the Group can obtain additional sources of financing or bank borrowings, including the raising of funds through capital market, as and when needed;

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

(vi) Whether the Group can successfully contain the impact of the pandemic, as well as any change in government policies, on the Group's operations from time to time and adjusting its business strategy for its chartering business to generate sufficient cash from its operations.

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:

| | |
|---|---|
| Conceptual Framework for Financial Reporting 2018 | Revised Conceptual Framework for Financial Reporting |
| Amendments to HKAS 1 and HKAS 8 | Definition of Material |
| Amendments to HKAS 39, HKFRS 7 and HKFRS 9 | Hedge Accounting |
| Amendments to HKFRS 3 | Definition of a Business |
| Amendments to HKFRS 16 | COVID-19-related Rental Concession |

The amended standards and framework listed above did not have any material impact on the amounts recognised in prior period and are not expected to significantly affect the current or future period.

### (b) New and amended standards not yet effective for the financial year beginning on 1 April 2020 and have not been early adopted by the Group

| | | **Effective for accounting periods beginning on or after** |
|---|---|---|
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current | 1 April 2023 |
| Amendments to HKAS 16 | Proceeds before Intended Use | 1 April 2022 |
| Amendments to HKAS 37 | Onerous Contracts — Cost of Fulfilling a Contract | 1 April 2022 |
| Amendments to HKFRS 3 | Update Reference to the Conceptual Framework | 1 April 2022 |
| Amendments to Annual Improvements Project | Annual Improvements to HKFRSs 2018–2020 | 1 April 2022 |
| HKFRS 17 | Insurance contracts | 1 April 2021 |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined |

The Group's management assessed that there are no new standard and amendment to standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Taxes on income for the interim period are accrued using the estimated tax rates that would be applicable to expected total annual earnings.

## 4 SEGMENT INFORMATION

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

The operating segments comprise:

— Chartering of vessels

— Property investment and development

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about 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 exclude corporate assets, which are managed on a central basis.

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

### (a) Segment revenue, results and other information

| | **Chartering of vessels** *US$'000* | **Property investment and development** *US$'000* | **Others** *US$'000* | **Total** *US$'000* |
|---|---|---|---|---|
| Six months ended 30 September 2020 | | | | |
| Revenue recognised over time | **5,599** | **—** | **—** | **5,599** |
| Segment loss | **(1,259)** | **(1,474)** | **(556)** | **(3,289)** |
| Depreciation | **(1,641)** | **(17)** | **—** | **(1,658)** |
| Finance costs | **(372)** | **(2,346)** | **(239)** | **(2,957)** |
| Six months ended 30 September 2019 | | | | |
| Revenue recognised over time | 7,095 | — | — | 7,095 |
| Segment profit/(loss) | 442 | (1,682) | (506) | (1,746) |
| Depreciation | (1,713) | (21) | — | (1,734) |
| Finance costs | (646) | (2,134) | (159) | (2,939) |

**(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 2020 | | | | |
| Segment assets | **55,929** | **70,410** | **176** | **126,515** |
| As at 31 March 2020 | | | | |
| Segment assets | 56,758 | 66,579 | 254 | 123,591 |

**(c) Geographical information**

Due to the nature of the provision of vessel chartering services, 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.

## 5 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2019: same) on the estimated assessable profit for the six months ended 30 September 2020. The subsidiary established in the PRC is subject to corporate income tax rate of 25% (six months ended 30 September 2019: same). 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** | |
|---|---|---|
| | **2020** | 2019 |
| | ***US$'000*** | *US$'000* |
| Current income tax | | |
| — Hong Kong profits tax | **4** | — |
| Under provision in prior years | | |
| — Hong Kong profits tax | **165** | — |
| Deferred income tax | **250** | 166 |
| Income tax expense | **419** | 166 |

## 6 LOSS PER SHARE

### (a) Basic loss per share

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 | |
|---|---|---|
| | **2020** | 2019 |
| | ***US cents*** | *US cents* |
| Basic loss per share attributed to the owners of the Company | **0.40** | 0.20 |

### (b) Diluted loss per share

| | Six months ended 30 September | |
|---|---|---|
| | **2020** | 2019 |
| | ***US cents*** | *US cents* |
| Diluted loss per share attributed to the owners of the Company | **0.40** | 0.20 |

Diluted loss per share for the period ended 30 September 2020 is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options and convertible bonds which may result in dilutive potential ordinary shares. Its calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share prices of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options and convertible bonds. The number of shares calculated is compared with the number of shares that would have been issued assuming the exercise of the share options and convertible bonds.

Diluted loss per share for the six months ended 30 September 2020 equals basic loss per share as the potential ordinary shares were not included in the calculation of diluted loss per share because they are anti-dilutive.

## 7 DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: same).

## 8 TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

| | As at | |
|---|---|---|
| | **30 September 2020** | 31 March 2020 |
| | ***US$'000*** | *US$'000* |
| Trade receivables | **792** | 785 |
| Less: Provision for impairment of trade receivables | **(31)** | (31) |
| Trade receivables, net | **761** | 754 |
| Prepayments | **542** | 268 |
| Deposits | **675** | 1,640 |
| Other receivables | **378** | 1,065 |
| Other receivables from related parties | **8** | 8 |
| | **2,364** | 3,735 |
| Less: non-current pledged deposit | **(500)** | (500) |
| | **1,864** | 3,235 |

As at 30 September 2020, a cash deposit of US$500,000 (31 March 2020: US$500,000) was pledged as security for loan from a financial institution of US$3,004,000 (31 March 2020: US$3,495,000). The deposit bears interest at 1.5% per annum.

As at 30 September 2020 and 31 March 2020, the ageing analysis of trade receivables based on invoice date was as follows:

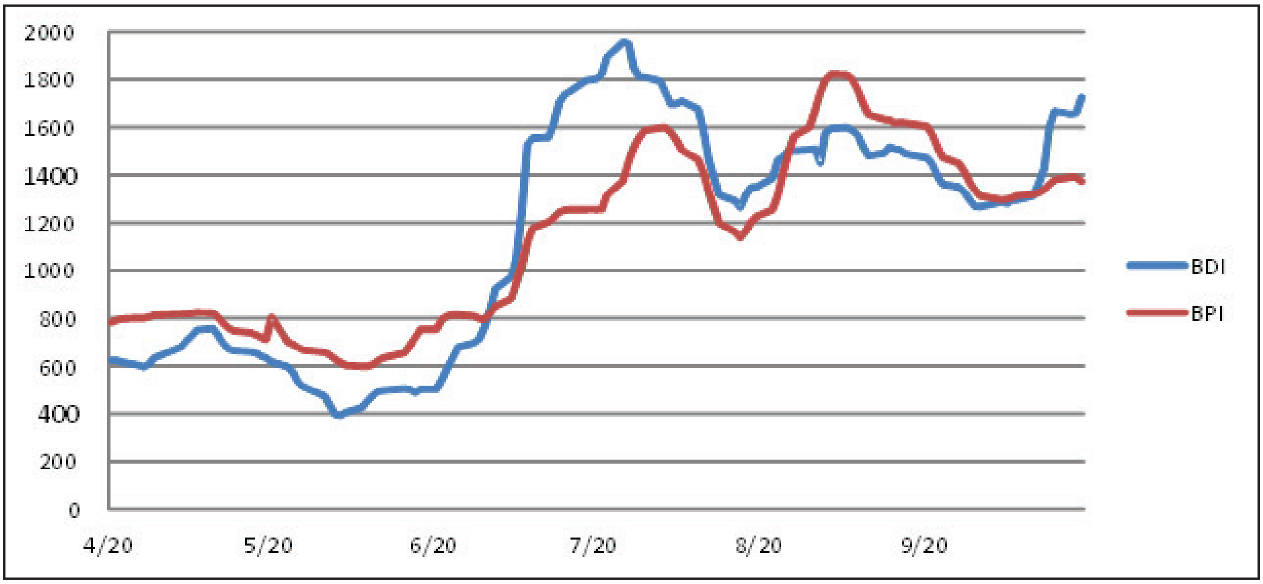
| | As at | |
|---|---|---|
| | **30 September 2020** | 31 March 2020 |
| | ***US$'000*** | *US$'000* |
| 0–30 days | **374** | 694 |
| 31–60 days | **210** | 14 |
| 61–90 days | **144** | 12 |
| 91–365 days | **18** | 34 |
| Over 365 days | **46** | 31 |
| | **792** | 785 |

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Market Review

**Daily Variation Chart of Baltic Dry Index (BDI) and Baltic Panamax Index (BPI)**
**1 April 2020 – 30 September 2020**




BDI high at 1,956 in July 2020, low at 393 in May 2020, average at 1,163.43

BPI high at 1,824 in August 2020, low at 599 in May 2020, average at 1,149.47

Under the impact of Coronavirus Disease 2019 ("**COVID-19**") and the downturn of global economy, the freight rate of the spot dry bulk market in 2020 was irregularly fluctuated, while international trade volume and shipping demand decreased and existed various uncertainties. BDI hit its lowest point of 393 on 14 May 2020 and highest point of 1,956 on 6 July 2020 with difference of 1,563 points, reflecting a temporary and vigorous fluctuation of freight market. The average BPI was 1,149 during 1 April 2020 to 30 September 2020, representing a decrease of approximately 28% as compared to 1,608 of the corresponding period last year. The average daily charter rate of vessel was US$10,368 per day, with no comparable data of the corresponding period last year as the kinds of vessel constituting BPI have changed in this year. Despite a continuity of stable demand for marine transportation with respect to South America's export of bulk grain and relatively high amount and growth of China' s import of iron ore and coal, the owners of vessel were in an unfavourable position in the freight market as affected by capitalisation of goods owners and charterers on the unbalance condition of oversupply in the vessel market due to the negative growth of global economy and trading and also the demand for marine transportation of dry bulk cargoes. With the second wave outbreak of COVID-19 in northern hemisphere which results in interruption of economies across various regions, the demand for marine transportation was unstable and unpredictable, while the freight rate of spot market was unstable with significant volatility. The overall assessment of freight market this year was negative. According to the forecast of shipbroker in the industry report, the demand for marine transportation of dry bulk cargoes this year would have a negative growth of 3%. The contradiction of oversupply of fleet of dry bulk cargoes with slow growth of demand for marine transportation will continue and intensify in this year.

Given the continuous impact of COVID-19 on general economic growth, shipbroking companies have been adjusting their forecasts on the annual growth of demand for marine transportation of dry bulk cargoes as the trend of spot freight rate of the shipping market was not affected by seasonal factors, the impact of historical convention on the spot market was lesser and the market outlook was changing and uncertain. It has been a favourable factor for current spot freight market that the pandemic in China has been under control with promising economy recovery, and the enterprises have been in the progress of resuming work and production. The Chinese government was also launching various measures to support the economy, hoping to promote the import of dry bulk cargoes in China. According to the data from the customs of the PRC, China's import of iron ore, coal, soybean, grain and other dry bulk cargoes amounted to 1.284 billion tons during January to September 2020, representing an increase of approximately 0.1 billion ton as compared to 1.181 billion tons of the corresponding period last year. These would make significant contribution to the stability of current marine transportation market of dry bulk cargoes.

**Business Review**

The Group's vessels were under sound operation as of 30 September 2020. Currently, the fleet size is 319,923 dwt and the average age of the fleet is 14 years. The fleet maintained a relatively high operational level with an average vessel charter-out percentage of 97.78% for the first half of the year. In view of the impact of COVID-19 and negative growth of global economy, the average daily charter hire income of the vessels was approximately US$7,848 per day, which is about 20% lower as compared to the income level of the corresponding period last year, basically in line with the market index level of the same type of vessel. The fleet maintained a relatively high operational level since the fleet achieved a sound record of safe operation with no adverse incident or downtime caused by various incidents during the year. At the same time, the Company has made duly prudent plans and arrangements for dock repair to minimise the repair time. Although we were subject to the disastrous impact of COVID-19 this year, the Company has been working hard to reduce the actual loss to the lowest level. All freight rate and charter hire were basically received in full with no receivables of significant amount. The Group was able to exert stringent control over costs and expenses in the course of vessel management of its fleet and strove to minimise voyage expenses, so the management expenses of vessels were also basically within budget.

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

**Market Outlook**

The freight rate of the spot dry bulk market in 2020 fluctuated significantly, while Baltic Capesize Index ("**BCI**"), the index of the capesize vessels, repeatedly showed negative numbers. Such phenomena demonstrate that, with the negative global economic growth and significant slowdown in international trade, the dry bulk marine transportation market is expected to be difficult this year. The market predicts that China's imports of iron ore, coal, soybean, grain and other bulk cargoes will remain at a high level with positive growth in this year, which may help maintaining spot freight rate. As COVID-19 exerts significant impact on the global economy, the dry bulk spot freight market is also heavily hit. Meanwhile, depending on new wave of COVID-19 in the northern hemisphere during the autumn and winter and the specific responsive measure of the countries, and if the economic recovery and resumption of work and production of European countries remain in progress, it is beneficial to the stability of recent dry bulk spot freight rate. A total of new vessel of dry bulk cargo fleet amounting to 5% of the existing fleet size is expected to be delivered in this year. However, a negative growth of 3% for the demand of dry bulk marine transportation is expected in this year. Therefore, the current status of the oversupply of dry bulk vessels will be more unfavourable to ship owners, and the spot freight market will continue to operate under the pressure of excessive supply of vessels. The shipping market's assessment of this year's dry bulk spot freight rate is pessimistic. The International Monetary Fund (IMF) forecasts the global economic growth in 2020 to be −4.4% and is of the view that it is uncertain whether the economic recovery can be realised due to the continuous spread of the pandemic. It is foreseeable that this will be reflected in both international trade volume and shipping demand of this year.

According to the statistics and forecasts from shipbroking companies, among the major dry bulk cargoes, the marine transportation demand for iron ore and coal increases by 1% and −8% respectively this year, and the expected impact on spot freight rate this year is negative, with the overall dry bulk marine transportation demand to increase by −3%. The assessment on marine transportation demand for panamax vessels depends on China's import of soybean and grain. Considering that the China-United States trade agreement requires China to increase the purchase of soybean and grain from the United States, it will be a positive factor for the marine transportation demand of panamax vessel. Moreover, China's import of grain during January to September this year increases by approximately 30,000 thousand tons, or approximately 20%, as compared to the corresponding period last year. It is expected that the amount of import will be sustained in the winter this year and the spring next year, beneficial to the spot freight rate of panamax vessel and small vessel.

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

Since May 2016, Top Build Group Ltd. ("**Top Build**") has held, indirectly through its subsidiaries, 91% equity interest in a company in the PRC which holds two parcels of land located at Meidian Slope, Hongqi Town, Qiongshan District, Haikou, Hainan Province, the PRC. Driven by the strong economic growth and development in the PRC, the increase in population in Hainan and the limited supply of residential property due to government policy, the land premium and prices of real estates in Hainan increase substantially in recent years. To capture the opportunities prompted by the increase in demand of residential property, the Group plans to develop its property development project into a "cultural and tourism real estate" project for the development of villas, high/low density apartments, retail stores and SOHO with an area of approximately 130,000 square meters.

In line with the Belt and Road Initiative, during the Boao Forum in April 2018, President Xi Jinping has announced Hainan as a free trade port and that the local government will strongly support the development of the related industries including tourism and finance in Hainan. Since the past year and a half, the State and the Hainan provincial government have successively introduced relevant preferential policies, including 30 policies and measures such as simplified administrative approval, opening up of the financial markets, tax incentives and talent introduction. The real estate price in 2019 has nearly doubled as compared with the beginning of 2018.

President Xi Jinping issued an instruction in May 2020 that the Hainan Free Trade Port should perform system innovation and build Hainan Free Trade Port with high quality and standards. In the government work report issued on 22 May 2020, Premier Li Keqiang announced that the Pilot Free Trade Zone will be given greater autonomy for reform and opening up to accelerate the construction of Hainan Free Trade Port. On 1 June 2020, the Central Committee of the Communist Party of China and the State Council issued the "Hainan Free Trade Port Construction Master Plan", which is a major favourable policy, with highlights as follows: (1) facilitating the free flow of cross-border funds, expanding the opening up of domestic and foreign financial industry, and realising free exchange of Renminbi; (2) introducing low tax for the entire Hainan, with corporate income tax of 15% and personal income tax of 15%, signifying unprecedented incentives; (3) adopting closed operation system for the entire Hainan, with the first tier being opened and the second tier being controlled while zero-tariff goods can be traded freely in Hainan and is not subject to the supervision of the customs; (4) significantly increasing the tax allowance for tourists to RMB100,000 per person. The above policies will have a huge impact on various industries such as finance, investment, tourism and trade, thereby promoting real estate development.

In 2020, Hainan Province actively responds to COVID-19 with successful pandemic prevention, ensuring successful development and construction of its major engineering projects. There have been seven batches of major projects started collectively in Hainan, among which, 793 started, 393 contracted, with a total project investment of approximately RMB435.2 billion. Recently, 11 major projects such as Haikou Jiangdong New District, the Haikou Integrated Free Trade Zone, High-tech Industrial Parks and Ecological Software Parks have been opened for tendering. A number of Fortune Global 500 companies and leading companies in various industries such as China Shipping, China Merchants, Sinopec, China Railway, Alibaba, Tencent and Tesla have established their presence in Hainan and started substantial development and construction.

In 2020, the municipal government completes, at a consideration of RMB4.44 billion, the acquisition of 4,000 mu of land parcel, which is used for the construction of infrastructure in the Jiangdong Free Trade New Zone. Particularly, the construction of energy trading centre would push the gross domestic product (GDP) and the property price in Hainan Province. It is clear that many Chinese energy giants tend to make investment in Haikou Jiangdong New District. For example, the energy trading centre in the Jiangdong Free Trade Zone has housed Shandong Energy Group, Yankuang Group, Huaneng Group and Datang Corporation, successively. According to the record of land transactions this year, land premium is rising and registering record highs by auction.

The Hainan Provincial Government proposes to urbanise the whole province and speed up the construction of highway transportation to facilitate the development of the lands at the vicinity of the city. All-in-one land use planning has been completed in Haikou City, emphasising the sustainable development of ecological environment protection. Improvement of the public construction directly related to the project has been achieved. Jiangdong New District has opened for tendering, and the value of land in Jiangdong District has rapidly increased. The second airport terminal of the Haikou Meilan Airport is about to come into service and has the capacity to accommodate 60 million passengers per year. The Haikou City Binjiang Road River Cross Tunnel is about to open for use, the Jiangdong New District Road has been completed, and Haikou Ring Expressway has been extended to Yunlong Town. The traffic conditions around the lands of the Company are expected to be improved, which will unleash the possible appreciation of the lands.

Hainan has opened up the incoming policy of urban residency and revoked the restrictions on incoming residency to speed up talent introduction, allowing introduced talents to purchase commodity housings in Hainan. Talents who have incoming residency in Hainan without ownership of residential property may enjoy the 30% down-payment mortgage policy for their first-time purchase of house. These measures will facilitate real estate transactions and promote value appreciation of real estates. The recent relaxation of restriction on the real estate purchase and loan policy together with an overall opening up of incoming residency restriction in Hainan Province are substantially beneficial to the real estate market in Hainan. It is expected that the real estate market will develop at a high speed in the next few years.

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

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

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

## Financial Review

### *Revenue*

Under the impact of COVID-19, the spot dry bulk market in 2020 has experienced vigorous fluctuation and uncertainties. Also, during the six months ended 30 September 2020, one of the Group's vessel completed dry dock maintenance which stayed offhire for half month. The revenue of the Group followed the trend in the freight market decreased from about US$7.1 million for the six months ended 30 September 2019 to about US$5.6 million for the six months ended 30 September 2020, representing a decrease of about US$1.5 million, or about 21.1%. The average Daily TCE of the Group's fleet decreased from approximately US$9,905 for the six months ended 30 September 2019 to approximately US$7,848 for the six months ended 30 September 2020.

### *Cost of services*

Cost of services of the Group increased from about US$5.2 million for the six months ended 30 September 2019 to about US$5.8 million for the six months ended 30 September 2020, representing an increase of approximately US$0.6 million. The average fuel price also fluctuated during the six months ended 30 September 2020, such that the bunker cost increased by about 1.0 million as compared to same period last year. For the six months ended 30 September 2020, there was a net refund of around US$0.2 million excess operating funds from ship manager and a saving of budgeted docking cost of around US$0.2 million recorded under the Group's strict cost control.

### *Gross (loss)/profit*

The adverse effect of COVID-19 on the dry bulk market continued. The Group recorded a gross loss of about US$0.2 million for the six months ended 30 September 2020 as compared with the gross profit of about US$1.9 million for the six months ended 30 September 2019, representing a decrease of approximately US$2.1 million, while the gross profit margin declined from approximately 26.6% for the six months ended 30 September 2019 to approximately −3.3% for the six months ended 30 September 2020. The decrease in gross profit is in line with the decrease in revenue.

### *General and administrative expenses*

General and administrative expenses of the Group decreased from approximately US$1.4 million for the six months ended 30 September 2019 to approximately US$1.2 million for the six months ended 30 September 2020, representing a decrease of approximately US$0.2 million or approximately 13.3%. It was mainly due to the Group's rigorous cost control which resulted in cost reduction in legal and professional fee, rental expenses and staff cost.

### *Finance costs*

Finance costs of the Group remained stable and amounted to approximately US$3.0 million for the six months ended 30 September 2020 (for the six months ended 30 September 2019: approximately US$2.9 million). The increase in interest expense of the convertible bonds in principal amount of US$54 million issued in May 2016 ("**Top Build Convertible Bonds**") and shareholders' loan was set off by the decrease in interest expenses of bank loan and loan from a financial institution.

### *Loss for the period*

With reference to the profit warning announcement dated 19 June 2020, the supplemental information on profit warning dated 24 June 2020 and the 2020 Annual Report, a drop on the Group's revenue for the year ended 31 March 2020 was partially due to (i) an adverse impact on dry bulk marine transportation market and charter rate of vessel under chain reaction of an outbreak and rapid spread of COVID-19; (ii) a decrease in vessels' charter rate of dry bulk marine transportation in the first quarter in 2020 as a result of the continuous disruption caused by the outbreak of COVID-19; and (iii) a decline in vessels' charter time during the maintenance of three vessels' dry dock in the first quarter in 2020. These impacts continuously extended for financial results of the six months ended 30 September 2020. The Group incurred a loss of approximately US$3.7 million for the six months ended 30 September 2020 as compared with approximately US$1.9 million for the six months ended 30 September 2019. Such decline was mainly due to (i) the reduction in gross profit of approximately US$2.1 million in line with the drop on vessels' charter rate under the market uncertainty caused by the pandemic of COVID-19; (ii) the saving in general and administrative expense of US$0.2 million; and (iii) set off against part of other loss by the fair value gain in investment property of approximately US$1.0 million for the six months ended 30 September 2020 (for the six months ended 30 September 2019: approximately US$0.7 million).

### *Liquidity, financial resources, capital structure and gearing ratio*

As at 30 September 2020, the Group's cash and cash equivalent amounted to approximately US$0.4 million (as at 31 March 2020: approximately US$0.3 million), of which approximately 73.8% was denominated in US$, approximately 25.6% was denominated in HK$ and approximately 0.6% was denominated in RMB. Outstanding bank loans amounted to approximately US$11.8 million (as at 31 March 2020: approximately US$12.9 million) and other borrowings amounted to approximately US$67.5 million (as at 31 March 2020: approximately US$62.5 million), which were denominated in US$.

As at 30 September 2020 and 31 March 2020, 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 62.7% and 61.0% respectively. The increase in gearing ratio as at 30 September 2020 was mainly due to the amortized cost of Top Build Convertible Bonds, the increase in shareholders' loan, the newly raised working capital loan by one of the Group's Hong Kong subsidiary and the fair value gain of investment properties.

The Group recorded net current liabilities of about US$66.4 million as at 30 September 2020 and approximately US$13.1 million as at 31 March 2020. The Top Build Convertible Bond and certain shareholders' loan was classified as current liabilities as at 30 September 2020 with maturity date less than 12 months. In case the bond holder does not convert fully the bonds by the maturity date, management will negotiate with the bond holder, and strongly believes that the bond holder will agree, to extend the maturity of the bonds for not less than twelve months on the maturity date under the same terms and conditions of the sales and purchase agreement.

On 17 November 2017, certain subsidiaries 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. The GH FORTUNE/GLORY/HARMONY Loan is also subject to compliance of certain restrictive financial undertakings for which the Group will continue to monitor.

On 29 March 2019, Bryance Group Limited, a wholly-owned subsidiary of the Company, has entered into a new borrowing agreement of US$4.27 million for refinancing the GH POWER loan under an existing facility agreement dated 25 January 2008. After the drawdown of this New GH POWER Loan, the then GH POWER Loan was fully repaid. The principal amount of the New GH POWER Loan shall be repaid by 14 quarterly instalments commencing three months from the drawdown date. The New GH POWER 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 borrowings will continue to be available to the Group for the next twelve months from 30 September 2020.

The Group monitors the current and expected liquidity requirements regularly to mitigate the effects of fluctuations in cash flows. The Company has entered into six loan facility agreements with Ablaze Rich Investments Limited ("**Ablaze Rich**") on 19 January 2017, 12 April 2017, 15 January 2018, 17 April 2019, 28 February 2020 and 23 June 2020 for loan facilities in the total amount of US$3.0 million (the "**First Facility**"), US$3.0 million (the "**Second Facility**"), US$1.5 million (the "**Third Facility**"), US$2.0 million (the "**Fourth Facility**"), US$2.0 million (the "**Fifth Facility**") and US$3.0 million (the "**Sixth Facility**") respectively. The First Facility, the Second Facility and the Third Facility were extended on 18 January 2019, 29 March 2019 and 16 January 2020 respectively. The full loan amount had been drawn down by the Company under the First Facility, the Second Facility, the Third Facility, the Fourth Facility and the Fifth Facility.

As at 30 September 2020, US$1.6 million of the loan amount had been drawn by the Company under the Sixth Facility. The First Facility will be repayable on an extended repayment date which is on or before 18 January 2021, the Second Facility will be repayable on an extended repayment date which is on or before 28 March 2021, the Third Facility will be repayable on an extended repayment date which is on or before 15 January 2022, the Fourth Facility will be repayable on or before 16 April 2021, the Fifth Facility will be repayable on or before 13 March 2022 and the Sixth Facility will be repayable on or before 23 June 2022. These loan facilities were unsecured and carried an interest of 4% per annum. The drawn amount under the First Facility, the Second Facility, the Third Facility, the Fourth Facility, the Fifth Facility and the Sixth 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, the Fourth Facility, the Fifth Facility and the Sixth 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 31 March 2019, the Company entered into a deed of funding undertakings. Ablaze Rich, Mr. Yan and Ms. Lam have undertaken to provide funding to the Group when funding notice shall be issued by the Company within twenty four months of the date of the deed. The undertakings shall cease to have effect after twenty four months from the date of the deed or upon the Company or any subsidiary of the Group having obtained long-term external bank borrowings or other sources of long-term financing with a principal amount of not less than US$30 million, whichever is the earlier. The deed entered on 30 September 2018 was superseded by this deed, and had ceased to be effective from 31 March 2019.

On 30 September 2020, the Company entered into a deed of funding undertakings. Ablaze Rich, Mr. Yan and Ms. Lam have undertaken to provide funding to the Group when funding notice shall be issued by the Company within twenty four months of the date of the deed. The undertakings shall cease to have effect after twenty four months from the date of the deed or upon the Company or any subsidiary 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 31 March 2019 was superseded by this deed, and had ceased to be effective from 30 September 2020.

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

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

***Convertible Bonds***

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

As at 30 September 2020, the entire principal amount of the Top Build Convertible Bonds remained outstanding. The Top Build Convertible Bond was classified as current liabilities as at 30 September 2020 with maturity date less than 12 months. In case the bond holder does not convert fully the bonds by the maturity date, management will negotiate with the bond holder, and strongly believes that the bond holder will agree, to extend the maturity of the bonds for not less than twelve months on the maturity date under the same terms and conditions of the sales and purchase agreement.

***Exposure to fluctuations in exchange rate risk and related hedges***

The Group's transactions and monetary assets were primarily denominated in US$. Operating expenses of the Group's Hong Kong subsidiary were primarily denominated in HK$ and that of the Group's PRC subsidiary was primarily denominated in RMB and the borrowings and loans of the Group were denominated in US$. 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 2020, the Group recorded outstanding bank loans and loan from a financial institution of about US$14.8 million and all these loans carried interest at floating rate. The New GH POWER loan agreement was entered into on 29 March 2019. These loans, namely the New GH POWER Loan and the GH FORTUNE/GLORY/HARMONY Loan, were for financing the acquisition costs of vessels of the Group and were secured by, inter alia, the following:

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

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

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

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

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

***Charges on assets***

As at 30 September 2020, the Group had pledged the following assets to banks as securities against banking facilities granted to the Group:

| | **30 September 2020** | 31 March 2020 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| | **(Unaudited)** | (Audited) |
| Property, plant and equipment | **50,254** | 50,146 |
| Pledged deposit | **500** | 500 |
| Pledged bank deposits | **3,469** | 3,057 |
| | **54,223** | 53,703 |

***Contingent liabilities***

For the period ended 30 September 2020, the Inland Revenue Department ("**IRD**") of Hong Kong has finished the tax review of a subsidiary of the Group. Corresponding tax provision of US$0.2 million has been made as at 30 September 2020.

After taking into account the recent developments of IRD's review, the Directors consider that the Group's taxation charges of US$0.2 million as at 30 September 2020 are adequate and fairly presented.

Save as disclosed above, there were no other material contingent liabilities for the Group as at 30 September 2020.

***Interim dividend***

The Board does not recommend any interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: 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 2020.

***Employees' remuneration and retirement scheme arrangements***

As at 30 September 2020, the Group had a total of 100 employees (as at 30 September 2019: 105 employees). For the six months ended 30 September 2020, the total salaries and related costs (including Directors' fees) amounted to approximately US$2.3 million (as at 30 September 2019: US$2.3 million). It is the Group's policy to remunerate its employees with reference to the relevant market situation, and accordingly the remuneration level of the Group's employees remains at a competitive level and is adjusted in accordance with the employees' performance. Other benefits offered by the Group include mandatory provident fund scheme and medical insurance.

## CORPORATE GOVERNANCE

The Company has adopted the principles and code provisions of the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Listing Rules as the Company's code on corporate governance practices. Throughout the six months ended 30 September 2020, 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 2020.

## 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 2020, which has also been reviewed by the Group's auditors, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

## EXTRACT OF THE DRAFT REVIEW REPORT BY PRICEWATERHOUSECOOPERS ON THE GROUP'S INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

### Conclusion

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

**Emphasis of Matter**

We draw attention to Note 2.1 to the interim financial information which states that the Group recorded a net loss attributable to owners of the Company of US$3,764,000 for the period ended 30 September 2020 and, as at 30 September 2020, the Group's current liabilities exceeded its current assets by US$66,381,000, which included borrowings and loans of US$11,821,000 that will be repayable within one year and convertible bonds for an aggregate principal amount of US$54,000,000 that will mature in May 2021, while the Group's cash and cash equivalents balance was US$350,000. Further, during the period ended 30 September 2020 and up to the date of this report, the Group's business operations have been affected by the outbreak of Coronavirus Disease 2019, which continued to have a negative impact on the Group's operating cash flows. These events and conditions, together with other matters 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 2020 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, 26 November 2020

*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.*