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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3683)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

The board (the "**Board**") of directors (the "**Directors**") of Great Harvest Maeta Holdings Limited (the "**Company**") hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 September 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2022

		Six months ended 30 September	
		2022	2021
	Note	***US$'000***	*US$'000*
		(Unaudited)	(Unaudited)
Revenue	4	**10,790**	10,273
Cost of services		**(8,194)**	(4,874)
Gross profit		**2,596**	5,399
Other gains		**2,588**	—
Other income		**91**	14
General and administrative expenses		**(1,438)**	(1,514)
(Impairment losses)/reversal of impairment losses on property, plant and equipment		**(670)**	12,490

	Note	Six months ended 30 September 2022 US$'000 (Unaudited)	2021 US$'000 (Unaudited)
Operating profit		**3,167**	16,389
Finance income		**5**	—
Finance costs		**(1,721)**	(1,777)
Finance costs — net		**(1,716)**	(1,777)
Profit before income tax		**1,451**	14,612
Income tax expense	5	**(4)**	(4)
Profit for the period		**1,447**	14,608
Profit attributable to:			
— Owners of the Company		**1,455**	14,623
— Non-controlling interest		**(8)**	(15)
		1,447	14,608
Other comprehensive (loss)/income for the period			
Item that may be reclassified subsequently to profit or loss			
Currency translation differences		**(5,399)**	658
Total comprehensive (loss)/income for the period		**(3,952)**	15,266
Total comprehensive (loss)/income attributable to:			
— Owners of the Company		**(3,458)**	15,222
— Non-controlling interest		**(494)**	44
		(3,952)	15,266
Earnings per share attributable to owners of the Company			
— Basic earnings per share	6	**US0.153 cents**	US1.535 cents
			(Restated)
— Diluted earnings per share	6	**US0.002 cents**	US1.159 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	Note	**30 September 2022 *US$'000* (Unaudited)**	31 March 2022 *US$'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**66,132**	68,515
Investment properties		**68,386**	76,482
Pledged bank deposits		**505**	501
		135,023	145,498
Current assets			
Trade receivables, deposits, prepayments and other receivables	8	**3,746**	4,156
Pledged deposit	8	**500**	500
Pledged bank deposits		**1,148**	889
Cash and cash equivalents		**2,383**	2,688
		7,777	8,233
Total assets		**142,800**	153,731
EQUITY			
Equity attributable to owners of the Company			
Share capital		**1,221**	1,221
Reserves		**42,463**	45,921
		43,684	47,142
Non-controlling interest		**4,100**	4,594
Total equity		**47,784**	51,736

	Note	30 September 2022 US$'000 (Unaudited)	31 March 2022 US$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings and loans		**8,644**	9,492
Convertible bonds		**46,801**	—
Deferred income tax liabilities		**16,309**	18,241
		71,754	27,733
Current liabilities			
Other payables and accruals		**8,640**	9,242
Borrowings and loans		**12,619**	13,789
Convertible bonds		**2,000**	51,230
Tax payables		**3**	1
		23,262	74,262
Total liabilities		**95,016**	101,995
Total equity and liabilities		**142,800**	153,731

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

2. BASIS OF PREPARATION

This condensed consolidated financial statements of the Group for the six months ended 30 September 2022 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**") and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). This condensed consolidated financial statements does not include all the notes of the type normally included in an annual consolidated financial statements. Accordingly, this condensed consolidated financial statements is to be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2022 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.

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

2.1 Going concern basis

The directors of the Company have given careful consideration to the going concern status of the Group in light of the fact that the default of convertible bonds on 10 May 2021 has triggered the cross default clauses in the loan agreement for (i) a bank borrowing of US$11,494,000 and (ii) loan from a financial institution of US$1,024,000, in which out of the above said borrowings, US$10,129,000 shall be repayable after one year in accordance with original repayment terms.

The Group entered into a supplemental settlement agreement on 29 June 2022 that the bondholder has agreed a new repayment term and among others, to conditionally withdraw the petition, and withhold taking any further litigation or claims against the Company in respect of the default. On 15 July 2022, the Company received the order of the High Court of Hong Kong that the petition has been withdrawn on 14 July 2022 and the first instalment and second instalment were repaid on 2 August 2022 and 30 September 2022 respectively. The convertible bonds are no longer under default.

Pursuant to the relevant loan agreements, the bank borrowing and the loan from a financial institution will continue become immediately repayable if the relevant financial institutions do not waive their rights arising from the events of cross-default. In light of this, reclassification of long-term borrowings of US$10,129,000 as current liabilities is required as at 30 September 2022 under applicable accounting standards.

As at 30 September 2022, the Group's current liabilities exceeded its current assets by approximately US$15,485,000 while the Group's cash and cash equivalents balance was US$2,383,000. In addition, the Group has entered into agreements which will involve capital commitments of approximately US$313,000 in respect of investment properties project as at 30 September 2022.

As the financial resources available to the Group as at 30 September 2022 and up to the date of approval of these condensed consolidated financial statements for issuance may not be sufficient to satisfy operating and financing requirements together with the payment of capital expenditure when they fall due, the Group is actively pursuing additional financing including, but not limited to, debt financing and bank borrowings.

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

(i) Financing through ultimate holding company

On 30 September 2022, the Company entered into a deed of funding undertakings that Ablaze Rich, Mr. Yan and Ms. Lam have undertaken to provide funding to the Group when funding notice issue by the Company within twenty four months of the date of the deed. The undertakings shall cease to have effect after twenty four months from the date of the deed or upon the Company or any member of the Group having obtained long-term external bank borrowings or other sources of long-term financing with a principal amount of not less than US$30 million, whichever is the earlier. As at 30 September 2022, US$4.05 million was obtained under the terms of the deed.

(ii) Financing through banks and capital market

During the six months ended 30 September 2022, the Company had reached agreement with the bondholder on the extension of maturity of the convertible bonds and withdrawal of the petition and accordingly, the management of the Company considered that the cross default clauses on the relevant borrowings have been remedied. The directors of the Company are confident that agreements with the financial institutions will be reached in due course. The Group is also actively seeking for other alternative financing and bank borrowings, to finance the settlement of its existing financial obligations and future operating and capital expenditures. Additionally, the Group is planning to raise funds through the capital market, such as placement or issue of corporate bonds and/or other sources, to finance the settlement of the outstanding redemption amount of the convertible bonds, negotiation with potential investor(s) which is ongoing as at the date of this announcement.

(iii) Enhancement of operation of chartering business

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

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

Notwithstanding the above, material uncertainties exist as to whether the Group can achieve the plans and measures described above to generate adequate cash inflow as scheduled. The sufficiency of the Group's working capital to satisfy its present requirements for at least the next twelve months from the date of approval of these condensed consolidated financial statements for issuance is dependent on the Group's ability to generate adequate operating cash flows under the market fluctuation and successful control over cost, and financing cash flows through successful renewal of its borrowings upon expiries, compliance with the covenants under the borrowing agreements or obtaining waiver from the relevant bank and financial institution upon the breach of covenant requirements, successful securing of the financing from bank with repayment terms beyond twelve months from the date of approval of these condensed consolidated financial statements for issuance, as well as the ability on provision of funding pursuant to the deed of funding undertakings by the ultimate holding company or its shareholders and adequate cash proceeds generated from assets realisation as and when needed. Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their realisable values, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these condensed consolidated financial statements.

3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2022.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning 1 April 2022:

Amendments to HKFRS 3	Reference to Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018–2020 cycle

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

4. REVENUE AND SEGMENT INFORMATION

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

The operating segments comprise:

— Chartering of vessels

— Property investment and development

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

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

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

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

(a) Segment revenue, results and other information

	Chartering of vessels	Property investment and development	Unallocated	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Six months ended 30 September 2022 (unaudited)				
Revenue recognised over time	**10,790**	—	—	**10,790**
Depreciation of property, plant and equipment	**(3,359)**	**(1)**	—	**(3,360)**
Impairment losses on property, plant and equipment	**(670)**	—	—	**(670)**
Gain on modification of convertible bonds	—	**2,588**	—	**2,588**
Finance costs	**(410)**	**(1,158)**	**(153)**	**(1,721)**
Segment profit/(loss) before income tax	**915**	**1,335**	**(799)**	**1,451**
Income tax expense				**(4)**
Profit for the period				**1,447**
Six months ended 30 September 2021 (unaudited)				
Revenue recognised over time	10,273	—	—	10,273
Depreciation of property, plant and equipment	(1,878)	(9)	—	(1,887)
Reversal of impairment losses on property, plant and equipment	12,490	—	—	12,490
Finance costs	(669)	(846)	(262)	(1,777)
Segment profit/(loss) before income tax	16,234	(1,010)	(612)	14,612
Income tax expense				(4)
Profit for the period				**14,608**

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

(b) Segment assets

	Chartering of vessels *US$'000*	Property investment and development *US$'000*	Unallocated *US$'000*	Total *US$'000*
As at 30 September 2022 (unaudited)				
Segment assets	**73,774**	**68,944**	**82**	**142,800**
As at 31 March 2022 (audited)				
Segment assets	75,314	77,104	1,313	153,731

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

(c) Revenue from major services

During the six months ended 30 September 2022 and 2021, revenue represents hire income under time charter arising from the Group's owned vessels. Hire income under time charter is accounted for as operating lease and is recognised on a straight-line basis over the period of each time charter contract.

(d) Geographical information

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

	30 September 2022 ***US$'000*** **(Unaudited)**	31 March 2022 *US$'000* (Audited)
The People's Republic of China ("**The PRC**")	**68,392**	76,488

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2021: same) on the estimated assessable profit for the six months ended 30 September 2022. The subsidiary established in the PRC is subject to corporate income tax rate of 25% (six months ended 30 September 2021: same). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	Six months ended 30 September	
	2022	2021
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Current income tax		
Hong Kong profits tax	**4**	4
Deferred income tax	**—**	—
Income tax expense	**4**	4

6. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2022	2021
	US$'000	*US$'000*
	(Unaudited)	(Unaudited and restated)
Earnings		
Earnings for the purpose of basic earnings per share	**1,455**	14,623
Effect of dilutive potential ordinary shares:		
Interest expense on convertible bonds	**1,159**	846
Gain on modification of convertible bonds	**(2,588)**	—
Earnings for the purpose of diluted earnings per share	**26**	15,469

	Six months ended 30 September	
	2022	2021
	'000	*'000*
	(Unaudited)	(Unaudited and restated)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**952,614**	952,614
Effect of dilutive potential ordinary shares:		
Convertible bonds	**381,843**	381,843
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,334,457**	1,334,457

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

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the six months ended 30 September 2022 and 30 September 2021.

The diluted earnings per share for the six months ended 30 September 2021 was restated for the incorporation of dilutive effect on convertible bonds.

7. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: same).

8. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 September 2022	31 March 2022
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Trade receivables	**3,054**	2,527
Less: Provision for impairment of trade receivables	**—**	(31)
Trade receivables, net	**3,054**	2,496
Prepayments	**113**	857
Deposits	**525**	688
Other receivables	**546**	607
Other receivables due from related companies	**8**	8
	4,246	4,656
Less: current pledged deposit *(Note)*	**(500)**	(500)
	3,746	4,156

Note: The pledged deposit secured loan from a financial institution bears interest at 1.5% (31 March 2022: same) per annum.

As at 30 September 2022 and 31 March 2022, the ageing analysis of the trade receivables based on invoice date were as follows:

	30 September 2022	31 March 2022
	US$'000	*US$'000*
	(Unaudited)	(Audited)
0–30 days	**2,830**	1,370
31–60 days	**64**	1,060
61–90 days	**—**	—
91–365 days	**157**	66
Over 365 days	**3**	31
	3,054	2,527

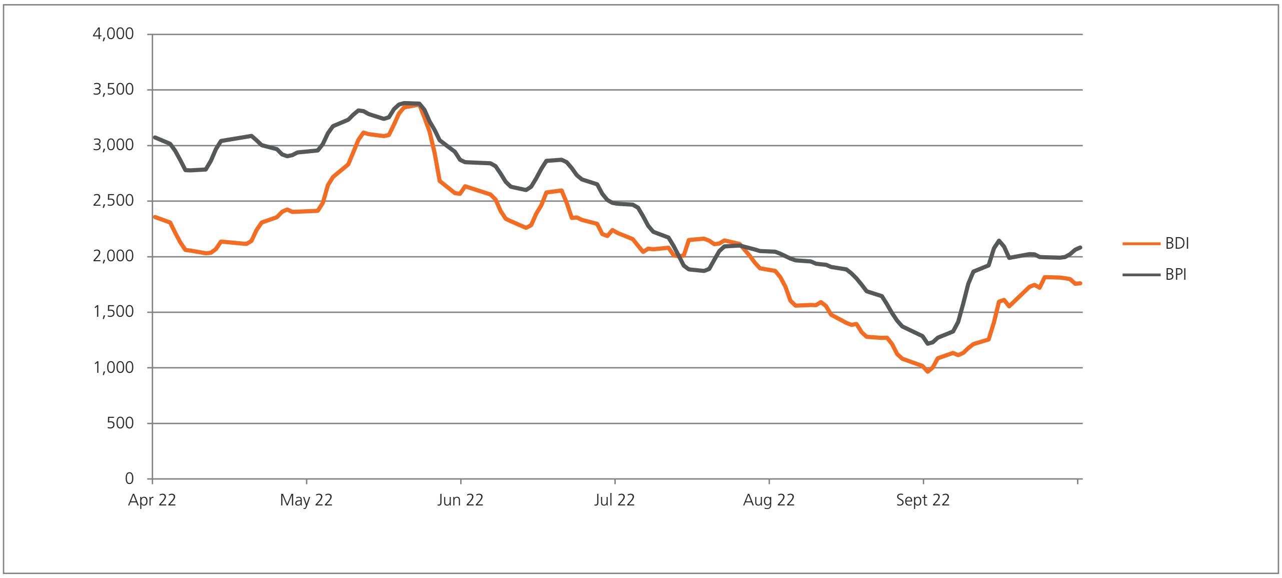
The carrying amounts of trade receivables, deposits and other receivables approximate their fair values and are mainly denominated in US$.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

**Daily Variation Chart of Baltic Dry Index (BDI) and Baltic Panamax Index (BPI)
1 April 2022 – 30 September 2022**



BDI high at 3,369 in May 2022, low at 965 in August 2022 and average at 2,078.

BPI high at 3,382 in May 2022, low at 1,217 in August 2022 and average at 2,416.

Affected by a combination of factors such as the continual spread of the coronavirus (COVID-19) Epidemic (the "**Epidemic**"), the escalating conflict between Russia and Ukraine as well as worsening inflation, global economic growth has been slowing down, demand for the shipment of bulk commodities was suppressed and the shipping industry shifted from rapid expansion to immense fluctuations in the first half of 2022.

Entering the third quarter, world economic growth and bulk commodities prices were further dampened by successive interest rate hikes in the United States. Europe, meanwhile, experienced an energy crunch and therefore boosted imports from other countries, which augmented the prices of such commodities and in turn the shipping rates of vessels for energy transportation, due to its heavy reliance on Russian energy supply in the past and the extreme heat in the third quarter of the year. In China, the increase in infrastructure investment driven by the country's stable growth policy bolstered demand for imported iron ore while a drought jacked up the demand for electricity and thus the importation of coal. As a result, the international dry bulk shipping market witnessed solid demand.

Amid such ups and downs, the Baltic Dry Index (BDI) plunged to an average of 2,078, representing a drop of 39% as compared with the corresponding period last year. The Baltic Panamax Index (BPI) averaged 2,416 during the period between 1 April 2022 and 30 September 2022, representing a decrease of 27.4% as compared to 3,329 for the corresponding period last year.

However, the number of new dry bulk shipping vessels delivered in 2022 remained low with an expected annual increase in dry bulk shipping capacity of 2.5%, which was 1 percentage point lower than last year. Such a low number helped stablise the dry bulk shipping market to some extent.

Business Review

The Group's vessels were in sound operation as at 30 September 2022. Currently, the fleet has a size of 319,923 dwt and an average age of 16 years.

The fleet maintained a relatively high operating performance with an average vessel charter-out percentage of 96.2% for the first half of the year. The average daily charter hire income of each vessel in the fleet was approximately US$15,905 per day, which was 9.9% higher as compared to the level for the corresponding period last year. All freight rates and charter hires were basically received in full without huge amounts of account receivables. In view of a good track record of safe operation with no adverse incident and limited downtime, the fleet managed to maintain a relatively high operating performance during the period.

One of the Group's vessels, GH Harmony, was arranged for regular periodical inspection and dock repair between June and July 2022, resulting in a loss of charter time totalling 31 days.

As the fleet was still subject to the impact of the Epidemic, certain routine operations, such as change of crew and delivery of supplies, were delayed and disrupted with increasing costs. The Group had made its efforts to minimise such additional costs and keep the actual loss at a minimum level, and was able to exert stringent control over costs and expenses in the management of its fleet and strived to minimise voyage expenses. Thus the management expenses of its vessels were basically within budget.

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

Market Outlook

Given the market developments during the year, dry bulk shipping demand rose to approximately 5,472 million tonnes at a year-on-year growth rate of 2.2%, which was lower than that for the year 2021.

Following a steep decline in the first half of the year, the production volume of raw steel in the PRC is expected to revive gradually in the second half. Save for Russia and Ukraine, most of the major steel producing countries increased their production, thereby bringing about new changes and optimism to the global iron ore trading market.

On the other hand, the global coal shipping and trading market reshuffled drastically for the year to date as demand from India, Southeast Asia and Europe surged while imports to China softened. Driven by Europe and Southeast Asia, global coal trade is expected to resume positive growth.

Furthermore, the grain trading market for the second half of 2022 is relatively optimistic. Soy exports from the United States for the fourth quarter will increase significantly while Brazil reaped a bumper harvest of corn. Add to that the disruption to grain export from the Black Sea, and buyers across the globe flocked to the Americas for grain, thus increasing shipping distances. The prospects of this market are expected to remain good.

Bauxite trade will also remain active. Shipping volume of nickel ore will continue to rise steadily. Steel trade will still have room for growth. Other commodities such as petroleum coke, cement clinker, copper ore and manganese ore will see moderate increases.

Longer shipping distance as a result of such changes in the trading market will be conducive to the transportation market.

Also, the overall estimated ratio between growths in international dry bulk shipping demand and capacity remains reasonable at 2.2%:2.5%. However, the Russo-Ukrainian conflict, among other factors, resulted in a drastic change in the global dry bulk trading system. As demand turnover rate in terms of ton nautical mile outweighed trading volume, the market in general is predicted to stay buoyant throughout the year.

The Group expects that the macro environment in the second half of the year to be more complicated and volatile. Global economic growth has been significantly disrupted by the energy and food crisis caused by the Russo-Ukrainian conflict, rising risk of stagflation, and the tightening monetary policies in European countries and the United States. In the face of a combination of factors such as lowering end-market demand, energy and food supply shortage and changing trade environment, the global shipping market will experience changes in shipping demand and moderate fluctuations in shipping prices.

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

Since May 2016, Top Build Group Ltd., a direct wholly-owned subsidiary of the Company, has held, indirectly through its subsidiaries, 91% equity interest in a company in the PRC which holds the two parcels of land located at Meidian Slope, Hongqi Town, Qiongshan District, Haikou, Hainan Province, the PRC ("**Hainan Land**"). 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.

According to a report issued by Hainan Foreign Enterprise Service Corporation on 2 June 2022, the Hainan Free Trade Port accelerated the development of its export-oriented economy with a steady but relatively rapid year-on-year increase of 92.64% in the number of newly-established foreign-owned enterprises in 2021. The "Hainan Free Trade Port Construction Master Plan" stipulated that the Hainan Free Trade Port shall commence border closure procedures by 2025. Hainan Province has classified this as its first priority, and has already started all-round preparation for the closure of the island's border. To duly complete the stress tests on border closure, Hainan Province has extended the "opening the first tier, controlling the second tier" pilot supervision area from Yangpu Bonded Port Area to two other comprehensive bonded zones in Haikou. The extension of policies such as the waiver of duty on the domestic sales of goods with added value from processing will also be studied.

The coming year will be critical for the preparation for the closure of the entire island's border. Li Yufei, the deputy director of the office of the working committee for the Pilot Free Trade Zone (Free Trade Port) under the party committee of Hainan Province, explained that Hainan Province has already completed key tasks such as the planning and construction of ports, taxation policies and arrangements, and the major risk prevention and management systems. In terms of hardware construction, the construction of several planned border closure projects with a planned total investment of approximately RMB18 billion has commenced or will commence very soon. The building of software, design of overarching policies and systems, such as taxation arrangements, financial systems, laws and regulations and system security, will be sped up. In particular, reforms to simplify the tax system represent the key to the preparation for border closure. "Making every effort to perfect the preparations for border closure, the general targets for the coming phases will be having the hardware ready by the end of 2023 and completing all preparations for border closure by the end of 2024." said Li Yufei.

Despite complicated world geopolitics and downward economic pressure, Hainan Province has improved its business environment and reconciled pandemic control and socio-economic development by making good use of its unique natural resources and favourable policies for the Hainan Free Trade Port since the start of the year. In accordance with the economic stabilisation policies promulgated by the central government, Hainan province issued the Pandemic Control and Economic Stimulus Reconciliation Plan of the Hainan Province, pursuant to which a series of economic stabilisation measures has been adopted to step up business liaison efforts, support enterprises in difficulty, accelerate infrastructure development and boost investment in the fixed assets of selected projects. As a result, Hainan Province as a whole recorded positive growth in a number of indicators such as gross domestic product (GDP), investment in fixed assets, import and export of goods and actual use of foreign investment. In particular, trading, import and export of goods experienced a relatively strong growth after the implementation of favourable policies for the Hainan Free Trade Port. Such developments clearly demonstrated the strength and appeal of the free trade port.

To promote the healthy development of its real estate market based on the national policies to stabilise home prices, land premiums and market sentiment, ensure property delivery and the people's livelihood, and bolster the healthy development of the real estate market and economic recovery under the mantra that "houses are for living in, not for speculation", Hainan Province has also implemented a series of policies during the year, such as speeding up the development of affordable housing projects, relaxing price limits of commercial housing properties, raising mortgage ratios, lowering mortgage rates, easing homebuyer eligibility and reducing the types and amount of saleable commercial housing. Such policies have been conducive to stabilising the real estate market in Hainan. Due to the impacts of the pandemic, the decrease in land supply for commercial housing and the wait-and-see approach as to sale adopted by developers on the real estate market in Hainan, the area of commercial housing sold in Hainan dropped while the average transaction price of commercial housing across the province surged between January and September 2022. In contrast with the falling commercial housing prices in most of the cities across the country, the upward trend in Hainan signified the bright prospects and attractiveness of the province's real estate market. Based on its unique natural resources and favourable policies for the free trade port, Hainan Province has opened up its real estate market to not only buyers from across the country, but also overseas markets across the globe since the closure of its border and the operation of the free trade port. Going forward, Hainan will largely follow the model of Singapore to satisfy domestic and overseas demand for home ownership and property investment in the province by better meeting indemnificatory housing demand through boosting the development of affordable housing, strictly controlling the supply of land for commercial housing and systematically relaxing the purchase restriction for commercial housing. In view of the demand for investment in Hainan from domestic and foreign investors, the real estate market in the province will face long-term housing supply shortage in the future. As a result, existing investors in lands in Hainan will stand to make great profit from the development of the Hainan Free Trade Port.

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

In light of the growth potential in Hainan, on 11 October 2018, the Company entered into a memorandum of understanding with two individuals in relation to the proposed investment by the Group in the online hospitality services, online travel transaction services and real estate agency services business in Hainan, the PRC. As of the date of this announcement, due to the continuous impact of the Epidemic in Mainland China, both parties will continue to promote project cooperation after the epidemic.

Financial Review

Revenue

The revenue of the Group increased from about US$10.3 million for the six months ended 30 September 2021 to about US$10.8 million for the six months ended 30 September 2022, representing an increase of about US$0.5 million, or about 5.0%. The average daily charter hire income of the Group's fleet increased from approximately US$14,478 for the six months ended 30 September 2021 to approximately US$15,905 for the six months ended 30 September 2022. The increase in revenue was due to the chartering agreements with favourable daily charter hire income between April and July 2022.

Cost of services

Cost of services of the Group increased from about US$4.9 million for the six months ended 30 September 2021 to about US$8.2 million for the six months ended 30 September 2022, representing an increase of approximately US$3.3 million, or about 68.1%. Subject to the impact of COVID-19, operations cost such as manning cost and crew costs increased by about US$0.9 million. Depreciation of vessels increased by around US$1.5 million after the reversal of impairment recorded in the year ended 31 March 2022. The fuel cost changed from a credit of US$0.7 million for the six months ended 30 September 2021 to an expense of US$0.2 million for the six months ended 30 September 2022 which reflected the marked-to-market loss in bunker inventory as bunker price drop during the period.

Gross profit

The Group recorded a gross profit drop from about US$5.4 million for the six months ended 30 September 2021 to about US$2.6 million for the six months ended 30 September 2022, representing a drop of approximately US$2.8 million, while the gross profit margin dropped from approximately 52.6% for the six months ended 30 September 2021 to approximately 24.1% for the six months ended 30 September 2022. The decline in gross profit was due to a mild increase in revenue but significant increase in depreciation of vessels, and other operating costs.

General and administrative expenses

General and administrative expenses of the Group decreased from approximately US$1.5 million for the six months ended 30 September 2021 to approximately US$1.4 million for the six months ended 30 September 2022, representing a decrease of approximately US$0.1 million or approximately 5.0%. It was mainly due to the stringent cost control which led to reduction in administrative expenses, partially offset by the legal and professional fees arising from arrangement of the Supplemental Settlement Agreement of the convertible bonds in the total original principal amount of US$54 million due on 10 May 2021 issued by the Company (the "**Top Build Convertible Bonds**").

Finance costs

Finance costs of the Group decreased from about US$1.8 million for the six months ended 30 September 2021 to about US$1.7 million for the six months ended 30 September 2022, representing a decrease of approximately US$0.1 million. At the date of entering into the Supplemental Settlement Agreement, the carrying value of Top Build Convertible Bonds was reassessed based on the terms of such agreement. The interest expenses arising from the amortisation of the Top Build Convertible Bonds increased by approximately US$0.3 million as compared to last period. Such increment was set off by the moderate decrease in interest expenses approximately US$0.4 million from bank loan, loan from a financial institution and shareholder's loan as a result of repayments made during the period.

Profit for the period

The Group's profit for the period dropped by US$13.2 million from approximately US$14.6 million for the six months ended 30 September 2021 to approximately US$1.4 million for the six months ended 30 September 2022. The significant decrease in profit for the period was mainly attributable to following factors: (i) a moderate increase in revenue due to favourable chartering agreement signed between April to July 2022; (ii) the sharp increase in operating costs especially crew costs due to COVID-19 measures;

(iii) the increase in depreciation after reversal of impairment losses on vessels owned by the Group recorded in the year ended 31 March 2022; (iv) the marked-to-market loss in bunker inventory; (v) at the date of entering into the Supplemental Settlement Agreement, the carrying value of Top Build Convertible Bonds was reassessed based on the terms of the agreement and a gain on modification of Top Build Convertible Bonds of approximately US$2.6 million was recognised as other gains in the six months ended 30 September 2022 and (vi) the change in fair value of the vessels owned by the Group after taken into account current market changes, there was an impairment loss of about US$0.7 million for the six months ended 30 September 2022 while a reversal of impairment loss amounted US$12.5 million was recorded for the six months ended 30 September 2021.

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

The Group's EBITDA has increased from US$5.8 million for the period ended 30 September 2021 to US$7.2 million for the period ended 30 September 2022 due to moderate increase in revenue arisen from favourable chartering agreements signed and the other gains recognized on the modification of carrying value of the Top Build Convertible Bonds.

Convertible Bonds

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

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

Instance of the High Court of the Hong Kong Special Administrative Region (the "**High Court of Hong Kong**") for the winding-up of the Company in relation to the outstanding redemption amount in the Top Build Convertible Bonds, which amounted to US$51,230,000 as at the date of the Petition.

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

As disclosed in the announcement of the Company dated 15 July 2022, pursuant to the Supplemental Settlement Agreement, the Petitioner and the Company have executed and filed a consent summons to the High Court of Hong Kong for the withdrawal of the Petition. On 15 July 2022, the Company received the order of the High Court of Hong Kong dated 14 July 2022 which ordered, among other things, that the Petition be withdrawn. The first and second instalments of US$500,000 each were repaid on 2 August 2022 and 30 September 2022 respectively.

Liquidity, financial resources, capital structure and gearing ratio

As at 30 September 2022, the Group's cash and cash equivalents amounted to approximately US$2.4 million (as at 31 March 2022: approximately US$2.7 million), of which approximately 95.97% were denominated in US$, approximately 3.99% were denominated in HK$ and approximately 0.04% were denominated in RMB. Outstanding bank borrowings amounted to approximately US$12.2 million (as at 31 March 2022: approximately US$12.9 million) and other loans (including convertible bonds) amounted to approximately US$57.9 million (as at 31 March 2022: approximately US$61.6 million), of which 99.04% were denominated in US$ and 0.96% were denominated in HK$.

As at 30 September 2022 and 31 March 2022, the Group had a gearing ratio (being bank borrowings and other borrowings (including convertible bonds) of the Group divided by the total assets of the Group) of about 49.1% and 48.5% respectively. The change in gearing ratio as at 30 September 2022 was mainly due to the following factors: (i) the decrease in value of assets denominated in Renminbi, including investment properties, due to depreciation in Renminbi versus US dollar; (ii) the impairment of vessels owned by the Group recognised during the period; (iii) the decrease in carrying value of the Top Build Convertible Bonds after reassessed based on the terms of the agreement; and (iv) the repayment of borrowings and loans.

The Group recorded net current liabilities of about US$15.5 million as at 30 September 2022 and approximately US$66.0 million as at 31 March 2022. It was mainly due to the fact that the Top Build Convertible Bonds are no longer under default at the date of signing the Supplemental Settlement Agreement and the carrying value was reassessed according to the terms of such agreement. The carrying amount was decreased from US$51.2 million as at 31 March 2022 to US$48.8 million as at 30 September 2022 after reassessment out of which US$46.8 million was classified as non-current liabilities as at 30 September 2022.

On 29 March 2019, Bryance Group Limited, a wholly-owned subsidiary of the Company, has entered into a term loan for the principal amount of US$4.27 million for refinancing a vessel owned by the Group, namely GH POWER (the "**GH POWER Loan**"). The principal amount of the GH POWER Loan shall be repaid by 14 quarterly instalments commencing three months from the drawdown date. The GH POWER Loan is subject to compliance of certain restrictive financial undertakings which the Group will continue to monitor. On 10 October 2022, the GH POWER loan has been fully repaid.

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

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

The management maintains continuous relationship with the banks and financial institutions and the Directors are of the opinion that bank borrowings and loan from financial institutions will continue to be available to the Group for the next twelve months from 30 September 2022.

The Group monitors the current and expected liquidity requirements regularly to mitigate the effects of fluctuations in cash flows. The Company has entered into six loan facility agreements with Ablaze Rich, a controlling shareholder of the Company, on 19 January 2017, 12 April 2017, 15 January 2018, 17 April 2019, 28 February 2020 and 23 June 2020 for six loan facilities (collectively, the "**Facilities**") in the amounts of US$3.0 million (the "**First Facility**"), US$3.0 million (the "**Second Facility**"), US$1.5 million (the "**Third Facility**"), US$2.0 million (the "**Fourth Facility**"), US$2.0 million (the "**Fifth Facility**") and US$3.0 million (the "**Sixth Facility**") respectively. The First Facility, the Second Facility and the Sixth Facility were extended on 30 March 2022.

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 2022, US$2.0 million of the loan amount had been drawn down by the Company under the Sixth Facility.

The First Facility will be repayable on an extended repayment date which is on or before 30 March 2024, the Second Facility will be repayable on an extended repayment date which is on or before 30 March 2024 and the Sixth Facility will be repayable on or before 30 March 2024. These loan facilities are unsecured and carry an interest of 4% per annum. As at the date of this announcement, the drawn amount under the Third Facility, the Fourth Facility and the Fifth Facility have been repaid in full and US$1,050,000 of the Sixth Facility has been repaid. The drawn amount under the First Facility and the Second Facility had not been repaid. The disinterested members of the Board (including the independent non-executive Directors) consider that as each of the Facilities is on normal commercial terms or better and is not secured by assets of the Group, the receipt of financial assistance by the Group thereunder are fully exempt under Rule 14A.90 of the Listing Rules.

On 30 September 2022, the Company entered into a deed of funding undertakings. Ablaze Rich, Mr. Yan and Ms. Lam have undertaken to provide funding to the Group when funding notice shall be issued by the Company within twenty four months of the date of the deed. The undertakings shall cease to have effect after twenty four months from the date of the deed or upon the Company or any member of the Group having obtained long-term external bank borrowings or other sources of long-term financing with a principal amount of not less than US$30 million, whichever is the earlier. The deed of funding undertakings entered on 30 September 2021 was superseded by this deed, and had ceased to be effective from 30 September 2022. As at the date of this announcement, US$4.0 million was obtained under the terms of the deed.

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

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

Exposure to fluctuations in exchange rate risk and related hedges

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

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

Bank borrowing and loan from a financial institution 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 2022, the Group recorded outstanding bank loans and loan from a financial institution of about US$13.2 million and all these loans carried interest at floating rate.

The GH POWER Loan was entered into on 29 March 2019 and the GH GLORY/HARMONY Loan was entered into on 30 April 2021. These loans, namely the GH POWER Loan and the GH 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 (in respect of the GH POWER loan);
- First preferred mortgages over the vessels held by the Group;
- Assignment of the charter-hire income and insurance in respect of the vessels held by the Group; and
- Charges over shares of each of the Group companies holding those vessels.

The above bank loans were provided to the Group on the conditions that, inter alia, (a) (in respect of the GH POWER Loan) Mr. Yan, Ms. Lam and/or any company controlled by them shall jointly hold at least 51% shareholding interests in the Company; and (b) (in respect of the GH GLORY/HARMONY Loan) the investment vehicle(s) owned or controlled by Mr. Yan and Ms. Lam shall hold or control at least 30% shareholding interests in the Company.

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

Charges on assets

As at 30 September 2022, the Group had pledged the following assets to a bond holder, bank and a financial institution as securities against Top Build Convertible Bonds, bank borrowing and loan facilities granted to the Group:

	30 September 2022	31 March 2022
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Investment properties	**32,910**	—
Property, plant and equipment	**66,127**	54,356
Pledged deposit	**500**	500
Pledged bank deposits	**1,653**	1,390
	101,190	56,246

Contingent liabilities

There were no other material contingent liabilities for the Group as at 30 September 2022.

Interim dividend

The Board does not recommend any interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: 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 2022.

Employees' remuneration and retirement scheme arrangements

As at 30 September 2022, the Group had a total of 97 employees (as at 30 September 2021: 95 employees). For the six months ended 30 September 2022, the total salaries and related costs (including Directors' fees) amounted to approximately US$3.0 million (as at 30 September 2021: 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.

CHANGE IN INFORMATION OF DIRECTORS

In accordance with Rule 13.51B(1) of the Listing Rules, changes of the information of the Directors required to be disclosed are set out below:

Mr. WAI Kwok Hung ceased to be an independent non-executive Director and a member of each of the audit committee and nomination committee of the Board with effect from 30 September 2022.

Ms. WONG Tsui Yue Lucy has been appointed as an independent non-executive Director and a member of each of the audit committee and nomination committee of the Board with effect from 30 September 2022.

Ms. Lam, an executive Director and the chief executive officer of the Company, has been appointed as a joint chairperson of the Company with effect from 30 September 2022.

Mr. Yan, an executive Director and the current chairperson of the Company, remains as the other joint chairperson of the Company.

Mr. CHEUNG Kwan Hung ceased to be an independent non-executive Director of NewOcean Energy Holdings Limited ("**NewOcean**") (stock code: 342) with effect from 21 December 2021. NewOcean received an order made by the High Court of the Hong Kong Special Administrative Region on 13 October 2022 for the appointment of joint liquidators.

Ms. ZHAO Lihong has been appointed as an executive Director with effect from 3 November 2022.

Save as disclosed above, there is no other change in information regarding the Directors or chief executives of the Company that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

During the six months ended 30 September 2022, the Company has complied with the CG Code except for the deviation as described below:

Following the appointment of Ms. Lam as a joint chairperson of the Board, the Company will deviate from Code Provision C.2.1 of the CG code as set out in Part 2 of Appendix 14 to the Listing Rules. As disclosed in the announcement of the Company dated 30 September 2022, under the current corporate governance structure, Mr. Yan as the chairperson is primarily responsible for formulating the strategic planning of the Group's existing business and overall leadership, while Ms. Lam as the chief executive officer is responsible for the management and implementation of major strategies and initiatives adopted by the Board. Going forward, the Board intends to search for new opportunities to expand the Group's business in order to diversify the Group's business and explore different sources of revenue with new opportunities. In this regard, Ms. Lam has extensive experience in trading and retail businesses in addition to her leadership, social networks and relationship and management skills, and the Board is of the opinion that Ms. Lam's experience and insights will be beneficial to the Group's overall expansion plans. While Mr. Yan and Ms. Lam will continue to lead the strategic planning and management of the Group's current business respectively, the Board considers that in the interests of the Company and its shareholders as a whole, Ms. Lam should also lead the strategic formulation of the new business given her extensive experience and insight in the relevant fields. Further, taking into account the consistent leadership of Ms. Lam within the Group and in order to enable more effective and efficient overall strategic planning, the Board considers it adequate for Ms. Lam to take on the role of joint chairperson and chief executive officer at the same time.

Taking into account the above reasons, the Board considered that the roles of joint chairperson and chief executive officer being performed by Ms. Lam enables more effective overall business planning and implementation by the Group. In order to maintain good corporate governance and fully comply with the provisions of the CG Code, the Board will regularly review the need to appoint different individuals to perform the roles of joint chairperson and chief executive officer separately.

Save as disclosed above, the Company had complied with all the code provisions during the six months ended 30 September 2022.

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 2022.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has reviewed the unaudited condensed consolidated financial information of the Group for the six months ended 30 September 2022, which has also been reviewed by the Group's auditors, SHINEWING (HK) CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

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

EXTRACT OF THE DRAFT REVIEW REPORT BY SHINEWING (HK) CPA LIMITED ON THE GROUP'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

Conclusion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the condensed consolidated financial statements which states that the Group's current liabilities exceeded its current assets by approximately US$15,485,000 as at 30 September 2022 which included borrowings and loans of US$12,619,000 repayable within one year, while the Group's cash and cash equivalents balance was US$2,383,000.

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

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company's website (www.greatharvestmg.com). The interim report of the Company for the six months ended 30 September 2022 will also be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

For and on behalf of the Board
Great Harvest Maeta Holdings Limited
Yan Kim Po
Joint Chairperson

Hong Kong, 25 November 2022

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