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 2021

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 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2021

		Unaudited Six months ended 30 September	
		2021	2020
	Note	***US$'000***	*US$'000*
Revenue	4	**10,273**	5,599
Cost of services		**(4,874)**	(5,786)
Gross profit/(loss)		**5,399**	(187)
Other gains		**—**	1,002
Other income		**14**	42
General and administrative expenses		**(1,514)**	(1,189)
Reversal of impairment losses on property, plant and equipment		**12,490**	—
Operating profit/(loss)		**16,389**	(332)
Finance costs		**(1,777)**	(2,957)
Profit/(loss) before income tax		**14,612**	(3,289)
Income tax expense	5	**(4)**	(419)

	Note	Unaudited Six months ended 30 September 2021 US$'000	2020 US$'000
Profit/(loss) for the period		**14,608**	(3,708)
Profit/(loss) attributable to:			
— Owners of the Company		**14,623**	(3,764)
— Non-controlling interest		**(15)**	56
		14,608	(3,708)
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss			
Currency translation differences		**658**	1,815
Total comprehensive income/(loss) for the period		**15,266**	(1,893)
Total comprehensive income/(loss) attributable to:			
— Owners of the Company		**15,222**	(2,112)
— Non-controlling interest		**44**	219
		15,266	(1,893)
Earnings/(loss) per share attributable to owners of the Company			
— Basic earnings/(loss) per share	6(a)	**US1.54 cents**	(US0.40 cents)
— Diluted earnings/(loss) per share	6(b)	**US1.54 cents**	(US0.40 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Note	Unaudited 30 September 2021 US$'000	Audited 31 March 2021 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**62,731**	52,126
Investment properties		**74,864**	73,806
Pledged deposit	8	**500**	500
Pledged bank deposits		**984**	1,472
		139,079	127,904
Current assets			
Trade receivables, deposits, prepayments and other receivables	8	**2,132**	2,393
Pledged bank deposits		**465**	515
Cash and cash equivalents		**4,135**	218
		6,732	3,126
Total assets		**145,811**	131,030
EQUITY			
Equity attributable to owners of the Company			
Share capital		**1,221**	1,221
Reserves		**34,838**	19,616
		36,059	20,837
Non-controlling interest		**4,507**	4,463
Total equity		**40,566**	25,300

	Note	**Unaudited 30 September 2021** *US$'000*	Audited 31 March 2021 *US$'000*
LIABILITIES			
Non-current liabilities			
Borrowings and loans	9	**9,442**	20,459
Deferred income tax liabilities		**17,855**	17,621
		27,297	38,080
Current liabilities			
Other payables and accruals		**8,281**	7,487
Borrowings and loans	9	**17,665**	7,008
Convertible bonds	10	**52,000**	53,154
Tax payables		**2**	1
		77,948	67,650
Total liabilities		**105,245**	105,730
Total equity and liabilities		**145,811**	131,030

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Great Harvest Maeta Holdings Limited (formerly known as "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.

This condensed consolidated interim financial information is presented in United States dollars ("**US$**") and rounded to nearest thousand US$, unless otherwise stated.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2021 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 interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 March 2021 and any public announcements made by the Company during the interim reporting period.

2.1 Going concern basis

As at 30 September 2021, the Group's current liabilities exceeded its current assets by US$71,216,000, which included borrowings and loans of US$17,665,000 repayable within one year and convertible bonds of US$52,000,000 that were matured and due for settlement in May 2021, while the Group's cash and cash equivalents balance was US$4,135,000.

During the six months ended 30 September 2021, the Group was in default under the terms and conditions of the relevant convertible bonds agreement for an aggregate principal amount of US$54,000,000 that were not settled in full on the maturity date of 10 May 2021. The Group has repaid a principal amount of US$2,000,000 in May 2021.

This event of default also resulted in cross-default of (i) a bank borrowing with an amount of US$1,991,000 with original contractual repayment dates of within one year and amount of US$11,493,000 with original contractual repayment dates after one year from 30 September 2021 which has been reclassified as current liabilities as at 30 September 2021; and (ii) loan from a financial institution with an amount of US$994,000 with original contractual repayment dates of within one year and amount of US$1,024,000 with original contractual repayment dates after one year from 30 September 2021 which has been reclassified as current liabilities as at 30 September 2021. Such cross-defaults may cause the relevant borrowings to become immediately due and payable should the relevant lenders exercise their rights under the loan agreements.

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

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but are not limited to, the following:

(i) The Group has reached an agreement on the settlement plan of the remaining principal amount with the bond holder. On 24 November 2021, the Company, Mr. Yan Kim Po ("**Mr. Yan**"), Ms. Lam Kwan ("**Ms. Lam**"), Ablaze Rich Investments Limited ("**Ablaze Rich**") or the ultimate holding company; collectively with Mr. Yan and Ms. Lam (the "**Guarantors of the settlement agreement**") and the bond holder have entered into a settlement agreement (the "**Settlement Agreement**") to extend the settlement date of the remaining principal amount of US$52,000,000. Pursuant to the Settlement Agreement, the Company will settle the outstanding redemption amount of the convertible bonds amounted to US$52,000,000 by repaying the bond holder (i) US$25,000,000 in cash within two months from the date of the Settlement Agreement; (ii) US$15,000,000 in cash on or before 28 February 2022; and (iii) US$12,000,000 by issuing corporate bonds to the bond holder for the principal amount of US$12,000,000 with a maturity date of two years on or before 28 February 2022. Management 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 for (i) and (ii) above and believes the settlement plan will give the Group sufficient time to execute the plan.

(ii) The Group will also continue to negotiate with other relevant financial institutions to waive their rights arising from the events of cross-default. The directors are confident that agreements with the financial institutions will be reached in due course. Up to the date of approval of these condensed consolidated interim financial information, the Group has not received any formal demand letters from the relevant financial institutions. Management is confident that these financial institutions will not enforce their rights of requesting for immediate repayment of the outstanding loans as such loans were fully secured by the Group's vessels and pledged deposits.

(iii) The ultimate holding company of the Group, together with the Company's two directors, Mr. Yan and Ms. Lam, (collectively, the "**Guarantors**"), entered into a deed of funding undertakings to provide funding to the Group on 30 September 2020. 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 2021 to extend the period of funding notice to 30 September 2023 with other major terms and conditions remain unchanged.

    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 the date of the deed (i.e. 30 September 2023) or upon the Company or any member of the Group having obtained additional long-term external bank borrowings or other sources of long-term financing with a principal amount of not less than US$30,000,000, whichever is the earlier.

As at 30 September 2021, the Group had obtained a total principal amount of loans totaling US$10,000,000 from the ultimate holding company (of which US$7,000,000 was obtained under the terms of the deed). Out of such balance, US$2,000,000 of the loan balance is repayable by 30 September 2022 with the remaining balance repayable by January 2023. On 30 September 2021, the ultimate holding company confirmed its intention to extend the maturity of the loan of US$2,000,000 for 2 years upon its maturity on 22 June 2022 (subject to agreement) and as such the directors of the Company are of the opinion that the repayment of such balances will be extended beyond 30 September 2022.

As at 30 September 2021, the amount of funding available under the deed of funding undertakings was US$23,000,000. The directors consider that the loans from the ultimate holding company will continue to be available to the Group and the Group will continue be able to draw down the amount of US$23,000,000 from the deed of funding undertaking.

(iv) 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 strength its working capital and mitigate the potential negative impact of COVID-19 pandemic ("**COVID-19**").

(v) The Group is also actively seeking for other alternative financing and bank borrowings, such as obtaining bank loan with one of the Group's vessels as security for borrowings, to finance the settlement of its existing financial obligations and future operating and capital expenditures. 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) on which is ongoing as at the date of this announcement.

The directors of the Company have reviewed the Group's cash flow projections. This projection covers a period of not less than twelve months from 30 September 2021. 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 2021. 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 Group can raise sufficient funds through capital market or from other sources to finance the settlement of the remaining principal amount of the convertible bonds;

(ii) Whether the Group can successfully negotiate with the relevant financial institutions to waive their rights arising from the events of cross-default; and that these financial institutions will not enforce their rights of requesting for immediate repayment of the outstanding borrowings and loans;

(iii) Whether the ultimate holding company will be able to provide further funding of up to US$23,000,000 to the Group under the above deed of funding undertakings, as and when needed, to meet the Group's working capital and scheduled loan repayments; and that the ultimate holding company will not withdraw its intention to extend the repayment term of the relevant loans upon maturity for a period beyond 30 September 2022;

(iv) Whether the Group can successfully improve its operation of chartering of dry bulk vessels and further control capital and operating expenditures to mitigate the potential negative impact of COVID-19 and generate sufficient operating cash inflow; and

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

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

3 ACCOUNTING POLICIES

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

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 April 2021:

HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform Phase 2

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.

The Group has adopted Amendment to HKFRS 16 Covid-19-Related Rent Concessions retrospectively from 1 April 2021. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 and only if all of the following conditions are met: a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; b) any reduction in lease payments affects only payments due on or before 30 June 2021; and c) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. There is no impact on the condensed consolidated interim financial information for the six months ended 30 September 2021 as the Group has not received rental concessions related to COVID-19 during the period.

(b) New and amended standards not yet effective for the financial year beginning on 1 April 2021 and have not been early adopted by the Group

		Effective for accounting year beginning on or after
HKAS 16 (Amendments)	Proceeds before Intended Use	1 April 2022
HKAS 37 (Amendments)	Onerous Contract — Costs of Fulfilling a Contract	1 April 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 April 2022
Annual Improvements Project	Annual Improvements to HKFRSs 2018–2020 (amendments)	1 April 2022
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current; Disclosure of Accounting Policies	1 April 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 April 2023
HKAS 12 (Amendments)	Deferred tax related to asset and liabilities arising from a single transaction	1 April 2023
HKFRS 17	Insurance Contracts	1 April 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 April 2023
HKFRS 10 and HKAS 28 (Amendments)	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 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 2021				
Revenue recognised over time	**10,273**	**—**	**—**	**10,273**
Segment profit/(loss) before income tax	**16,234**	**(1,010)**	**(612)**	**14,612**
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)**
Six months ended 30 September 2020				
Revenue recognised over time	5,599	—	—	5,599
Segment loss before income tax	(1,259)	(1,474)	(556)	(3,289)
Depreciation of property, plant and equipment	(1,641)	(17)	—	(1,658)
Finance costs	(372)	(2,346)	(239)	(2,957)

(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 2021				
Segment assets	**69,916**	**75,385**	**510**	**145,811**
As at 31 March 2021				
Segment assets	56,567	74,272	191	131,030

(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 2020: same) on the estimated assessable profit for the six months ended 30 September 2021. The subsidiary established in the PRC is subject to corporate income tax rate of 25% (six months ended 30 September 2020: 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	
	2021	2020
	US$'000	*US$'000*
Current income tax		
— Hong Kong profits tax	**4**	4
Under provision in prior years		
— Hong Kong profits tax	**—**	165
Deferred income tax	**—**	250
Income tax expense	**4**	419

6 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the earnings/(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	
	2021	2020
	US cents	*US cents*
Basic earnings/(loss) per share attributed to the owners of the Company	**1.54**	(0.40)

(b) Diluted earnings/(loss) per share

	Six months ended 30 September	
	2021	2020
	US cents	*US cents*
Diluted earnings/(loss) per share attributed to the owners of the Company	**1.54**	(0.40)

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

Diluted earnings per share for the six months ended 30 September 2021 equals basic earnings per share as the potential ordinary shares are anti-dilutive (six months ended 30 September 2020: diluted loss per share equals basic loss per share as the potential ordinary shares are anti-dilutive).

7 DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: same).

8 TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at	
	30 September 2021	31 March 2021
	US$'000	*US$'000*
Trade receivables	**768**	1,161
Less: Provision for impairment of trade receivables	**(31)**	(31)
Trade receivables, net	**737**	1,130
Prepayments	**654**	716
Deposits	**728**	598
Other receivables	**505**	441
Other receivables due from related parties	**8**	8
	2,632	2,893
Less: non-current pledged deposit	**(500)**	(500)
	2,132	2,393

As at 30 September 2021, a cash deposit of US$500,000 (31 March 2021: US$500,000) was pledged as security for loan from a financial institution of US$2,018,000 (31 March 2021: US$2,512,000). The deposit bears interest at 1.5% per annum.

As at 30 September 2021 and 31 March 2021, the ageing analysis of trade receivables based on invoice date was as follows:

	As at	
	30 September 2021	31 March 2021
	US$'000	*US$'000*
0–30 days	**732**	1,106
31–60 days	**—**	3
91–365 days	**3**	2
Over 365 days	**33**	50
	768	1,161

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.

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. As at 30 September 2021, trade receivables of US$31,000 (31 March 2021: US$31,000) were impaired.

9 BORROWINGS AND LOANS

	As at	
	30 September 2021	31 March 2021
	US$'000	*US$'000*
Non-current		
— Bank borrowings *(Note (i))*	**669**	8,275
— Loan from a financial institution *(Note (ii))*	**—**	1,522
— Loan from the ultimate holding company *(Note (iii))*	**8,773**	10,662
	9,442	20,459
Current		
— Bank borrowings *(Note (i))*	**13,558**	2,251
— Loan from a financial institution *(Note (ii))*	**2,018**	990
— Loan from the ultimate holding company *(Note (iii))*	**2,089**	3,767
	17,665	7,008

Notes:

(i) As at 30 September 2021, the Group's bank borrowings comprise of a bank borrowing of US$13,484,000 and bank borrowings obtained under the SME Financing Guarantee Scheme launched by the Government of Hong Kong of US$743,000 (31 March 2021: the Group's bank borrowings comprise of a bank borrowing of US$10,013,000 and another bank borrowing obtained under the SME Financing Guarantee Scheme launched by the Government of Hong Kong of US$513,000). The carrying amounts of these bank borrowings were denominated in US$ and HK$ respectively. These bank borrowings bear interest at floating rates that is market dependent, and their fair values approximate the carrying amounts. As at 30 September 2021, the current bank borrowings included an amount of US$11,493,000 with original contractual repayment dates after one year from 30 September 2021 which has been reclassified as current liabilities as at 30 September 2021 as a result of cross-default described in Note 2.1.

(ii) The loan from a financial institution bears interest at floating rate that is market dependent. The carrying amounts of the Group's loan from a financial institution is denominated in US$. The fair value of the loan from a financial institution approximate its carrying amounts. As at 30 September 2021, the current loan from a financial institution included an amount of US$1,024,000 with original contractual repayment dates after one year from 30 September 2021 which has been reclassified as current liabilities as at 30 September 2021 as a result of cross-default described in Note 2.1.

(iii) The loan from the ultimate holding company is unsecured and bears interest at 4% per annum. The carrying amount of the Group's loan from the ultimate holding company is denominated in US$. The fair value of the loan from the ultimate holding company approximates its carrying amount.

As at 30 September 2021, the Group's bank borrowings and loan from a financial institution (other than the bank borrowing obtained under the SME Financing Guarantee Scheme) (31 March 2021: same) were secured by the Group's property, plant and equipment of approximately US$50,470,000 (31 March 2021: US$52,108,000); and the bank borrowings obtained under the SME Financing Guarantee Scheme are secured fully by personal guarantees executed by Mr. Yan, Ms. Lam and the Government of Hong Kong (31 March 2021: same).

10 CONVERTIBLE BONDS

	As at	
	30 September 2021	31 March 2021
	US$'000	*US$'000*
Current		
— Top Build Convertible Bonds *(Note)*	**52,000**	53,154

The movements of the liability component of the convertible bonds for the period are set out below:

	US$'000
As at 1 April 2021	**53,154**
Interest expense	**846**
Redemption	**(2,000)**
At 30 September 2021	**52,000**
As at 1 April 2020	48,347
Interest expense	2,346
At 30 September 2020	50,693

Note:

On 10 May 2016, the Group issued a convertible bond with principal amount of US$54,000,000 ("**Top Build Convertible Bonds**") which was due on 10 May 2021. The Top Build Convertible Bonds is interest-free and may be converted in full or in part (multiples of US$100,000) at the initial conversion price of HK$1.096 per conversion share (subject to anti-dilutive adjustment) any time within five years from the date of issue to 7 business days prior to maturity date. At initial recognition, the Top Build Convertible Bonds comprised two elements and were accounted for as follows:

- The debt element was treated as a financial liability and measured at amortised cost and interest expense was recognised in the condensed consolidated statement of comprehensive income using the effective interest method.

- The share conversion option element was treated as an equity component and was measured at cost.

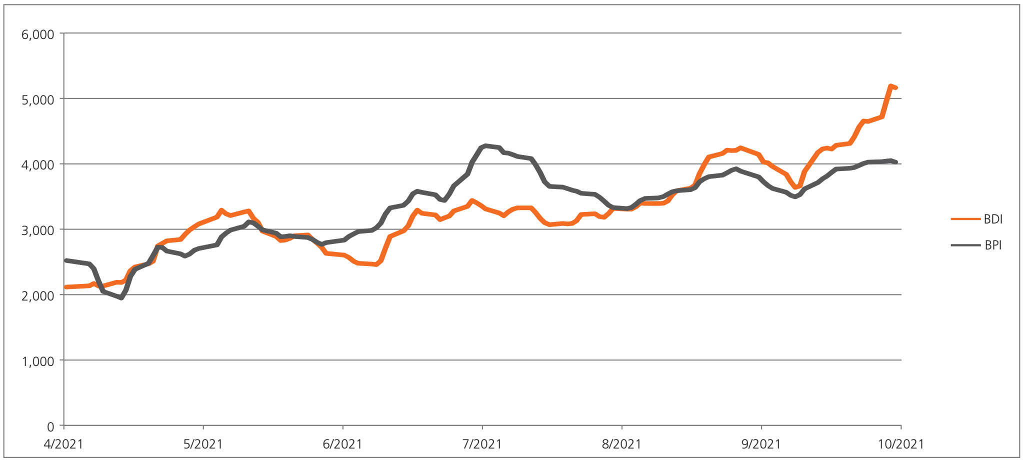
The fair value of the liability component of Top Build Convertible Bonds approximates its carrying amount.

During the six months ended 30 September 2021, the Group was in default under the terms and conditions of the relevant agreement of the Top Build Convertible Bonds for the aggregate principal amount of US$54,000,000 that were not settled in full on the maturity date of 10 May 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

Daily Variation Chart of Baltic Dry Index (BDI) and Baltic Panamax Index (BPI)
1 April 2021 – 30 September 2021



BDI high at 5,197 in September 2021, low at 2,072 in April 2021 and average at 3,277.23.

BPI high at 4,269 in July 2021, low at 1,898 in April 2021 and average at 3,328.94.

Amid the unending COVID-19, global supply chain disruption and world economic recovery, spot freight rates in the dry bulk shipping market have been rising on an irregular path since the beginning of 2021. BDI continued to fluctuate upwards and hit 10-year high in the absence of any significant surge in international trade and shipping demand. The average BPI was 3,329 during 1 April 2021 and 30 September 2021, representing an increase of approximately 190% as compared to 1,149 for the corresponding period last year. The average daily charter rate was US$29,962 per day. The market saw tight vessel availability while dry bulk shipping demand increased by approximately 4% as the demand for moving grains from North and South America persisted and that for delivering iron ore and coal to China remained strong. As COVID-19 wreaked havoc on the global economy and international trade, economic performance across the world was hampered while shipping demand continued to be unstable and unpredictable. Despite hovering above their highs for months, spot freight rates oscillated wildly. In general, the market is optimistic about freight rates for the year and anticipates that the spot freight rate of dry bulk shipping will stay at a high level until the beginning of next year. According to the forecasts made by shipbrokers in various industry reports, the demand for shipping dry bulk cargoes is expected to grow by 4% this year even though market spot freight rates have peaked.

As COVID-19 continues to affect general economic growth, shipbroking companies have been repeatedly adjusting their annual growth forecasts for dry bulk shipping demand. Market outlook remains unstable and unforeseeable as spot freight rates in the shipping market deviated from their normal seasonal patterns while the relevance of past trends to the spot market waned. Factors such as the continuous growth of the world economy and international shipping demand are propping up spot freight rates, while the limited delivery of dry bulk carriers in current and next year is cementing the steady rise of dry bulk shipping market.

Business Review

The Group's vessels were in sound operation as at 30 September 2021. Currently, the fleet has a size of 319,923 deadweight tonnes and an average age of 15 years, and maintained a relatively high operating rate with an average vessel charter-out percentage of approximately 98.82% for the first half of the year. The average daily charter hire income of each vessel was approximately US$14,478 per day, which is about 85% higher as compared to the income level of the corresponding period last year. All freight and charter hire charges were basically received in full with no receivables of significant amount. 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 rate during the year. There has also been no dock repair arranged for the Company's vessels during the period. As a result, the number of effective operating days increased. As the fleet was still subject to the impact of COVID-19, certain routine operations, such as change of crew and delivery of supplies, were delayed, disrupted and increasingly costly. The Group had made its efforts to minimise such additional costs and keep the actual loss to a minimum. As such, the Group was able to exert stringent control over costs and expenses in the management of its fleet and strive 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

The freight rate of the spot dry bulk fright market has been rising and fluctuating significantly while BDI hit 10-year high in 2021. Against the backdrop of global economic rebound as well as increases in international trade and shipping demand, the dry bulk shipping market has been favourable to ship owners this year. The market predicts that China's import of iron ore, soy bean, grains and other bulk commodities for the year will stay at a high level with positive growth, which may help maintain the high spot freight rates. As COVID-19 exerts a significant impact on the global economy, the spot dry bulk freight market is also materially affected. In the meantime, the development of the new wave of COVID-19 as well as the pandemic control measures to be implemented by specific countries during this northern hemisphere autumn and winter will play an important role. For instance, it will bolster short-term spot dry bulk freight rates if European countries are able to sustain their economic rebound and growth. The limited amount of expected new vessels delivery in current and next year will also be beneficial to the equilibrium between supply and demand of dry bulk carriers. Add to that the forecasted 4%-growth in dry bulk shipping demand for the year, and the oversupply of dry bulk carriers could be mitigated or even reversed. The shipping sector is optimistic about spot dry bulk shipping freight rates for the year and anticipates that freight rates will stay at a high level until the first half of the next year. Quotations for forward freight agreements (FFA) for the first and second quarters of 2022 reached US$25,000 per day. The International Monetary Fund (IMF) set its global economic growth forecasts for 2021 and 2022 at 5.9% and 4.9%, respectively. It is hoped that such economic growth will boost international trade volume and shipping demand for this and next year, thus maintaining a favourable business environment for ship owners.

According to statistics and forecasts from shipbroking companies, among major dry bulk commodities, the demand for shipping iron ore and coal will increase by 2% and 5%, respectively, such growth is expected to support spot freight rates during the year. The shipping demand for dry bulk commodities in general will rise by 4% this year. The assessment of demand for shipping by Panamax vessels depends on China's import of soy bean and grains. Between January and September this year, China's import of grains increased by approximately 28.49 million tons or around 16% as compared with that for the corresponding period last year. It is expected that the momentum of import will be maintained throughout this winter and the coming spring and will boost the spot freight rates of both Panamax vessels and small vessels.

Given the fluctuation in spot freight rates, the Group will maintain its prudent operating strategies by enhancing its 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 operating income for the Company. Meanwhile, the Group will strictly control its operating costs and curb all unnecessary expenses.

Since May 2016, Top Build Group Ltd. ("**Top Build**"), a 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 (the "**Lands**"). 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 has increased substantially in recent years. To capture the opportunities prompted by the increase in demand of residential property, the Group plans to develop its property development project into a "cultural and tourism real estate" project for the development of villas, high/low density apartments, retail stores and SOHO with an area of approximately 130,000 square meters.

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 responded 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 Hainan Provincial Government had completed, 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 in 2021, land premium is rising and registering record highs in auctions.

The Hainan Provincial Government has proposed 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 been 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 are expected to be improved, which will unleash the possible appreciation of the Lands.

In 2021, Feng Fei, the deputy secretary of Hainan Province, stated in his Report on the Work of the Government that Hainan Province will devise a preliminary policy framework for the free trade port during the period covered by the 14th Five-Year Plan. To complete its tasks of formulating systems and arrangements for the first phase of the free trade port, the province aims at having the hardware for its border closure ready by the end of 2023, finishing all preparations for the border closure by the end of 2024, and realising duty-free treatment of 99% of goods in 2025 after border closure. The closure of the border means closing the whole Hainan Island up to form an independent economy. Afterwards, the transportation of goods from other cities in the PRC to Hainan Island will be deemed exportation while the transportation of goods from Hainan Island to other cities in the PRC will be deemed importation. On this basis, the central government has granted duty-free status to Hainan Island so that foreign goods can be directly imported into Hainan Island without customs duty. Customs duty will only be required when the foreign goods are re-exported from Hainan Island to other cities in the PRC.

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 home purchase. These measures will facilitate real estate transactions and promote value appreciation of real estate. The recent relaxation of restriction on real estate purchase and loan policy together with an overall opening up of incoming residency restriction in Hainan Province has come into effect on 23 April 2021, which implies that Hong Kong residents may buy properties with a certificate of no home ownership from the housing administration bureau. This arrangement is 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.

On 4 November 2021, President Xi Jinping mentioned Hainan twice in his keynote speech given online at the opening ceremony of the fourth China International Import Expo held in Shanghai. With the issuance of the Negative List for Cross-Border Trade in Services in the Hainan Free Trade Port (海南自由貿易港跨境服務貿易負面清單), the pilot free trade zone is constantly reforming and evolving with continuous removal of barriers to foreign investors and steady improvement in business environment. The negotiations on the China-EU Comprehensive Agreement on Investment as well as the domestic approval procedure for the Regional Comprehensive Economic Partnership have been completed. With the promulgation of the Special Administrative Measures (Negative List) for Cross-Border Trade in Services in the China (Hainan) Pilot Free Trade Zone (《海南自由貿易港跨境服務貿易特別管理措施(負面清單)》) (the "**List**"), the PRC will duly complete its high standard stress tests on the opening up of its pilot free trade zones and the Hainan Free Trade Port.

The List unifies national treatment, market access, local presence, cross-border trade in financial services and other special administrative measures on the provision of cross-border services (through cross-border delivery, consumption abroad and the movement of natural persons) by offshore service providers. It is applicable to the Hainan Free Trade Port, which covers the whole Hainan Island. The List expressly imposed 70 special administrative measures in 11 categories on offshore service providers. As for domains not covered by the List, domestic and offshore service providers will be treated and given access equally and impartially in respect of cross-border trade in services in the Hainan Free Trade Port. As such, openness, transparency and predictability have been greatly enhanced. Wang Shouwen, the Deputy Minister of Commerce and the Deputy Representative of International Trade Negotiations, said that the List represents a major breakthrough in the administration of trade in services as well as a systematic opening-up arrangement that will facility the liberalisation of trade in services, strengthen the opening-up of China in general and greatly promote the development of a new development model. This opening-up measure will benefit the development of the whole Hainan province, accelerate the implementation of policies regarding the Hainan Free Trade Port, and further support the real estate market in Hainan.

Currently, despite adjustment to and control over the real estate industry in the PRC, in view of the unique natural resources and favourable policies in Hainan Province, coupled with the demands from vast markets across the country in relation to investment in Hainan, real estate supply will continue to be in a 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 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 at the date of this interim report, 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. As at the date of this announcement, the proposed investment is still under feasibility study and negotiation.

Financial Review

Revenue

Under the continuous impact of COVID-19, the spot dry bulk market is still fluctuating and full of uncertainties. The revenue of the Group followed the trend in the freight market and increased from about US$5.6 million for the six months ended 30 September 2020 to about US$10.3 million for the six months ended 30 September 2021, representing an increase of about US$4.7 million, or about 83.5%. The average daily time charter equivalent (calculated by dividing the voyage revenues by the available days that the relevant vessel was operated for the relevant time period) of the Group's fleet increased from approximately US$7,848 for the six months ended 30 September 2020 to approximately US$14,478 for the six months ended 30 September 2021. The sharp increase in revenue was due to the newly signed chartering agreements with favourable daily charter hire income between July and August 2021 as disclosed in the voluntary business update announcement of the Company dated 1 September 2021, and the

* *For identification purpose only*

continuous and steady increment on freight rate during 2021 and second hand vessel price rebound during 2021 as disclosed in inside information announcement of the Company for business update and positive profit alert dated 21 September 2021.

Cost of services

Cost of services of the Group decreased from about US$5.8 million for the six months ended 30 September 2020 to about US$4.9 million for the six months ended 30 September 2021, representing a reduction of approximately US$0.9 million. The average fuel price picked up during the six months ended 30 September 2021, such that the fuel cost changed from a charge of US$1.1 million to a credit of US$0.7 million which reflected the marked-to-market gain in bunker inventory. Depreciation of vessels increased by around US$0.2 million after the reversal of impairment recorded in the year ended 31 March 2021. Subject to the impact of COVID-19, operations cost such as manning cost and replenishment of supplies increased by about US$0.1 million.

Gross profit/(loss)

The Group recorded a gross profit of about US$5.4 million for the six months ended 30 September 2021 as compared with the gross loss of about US$0.2 million for the six months ended 30 September 2020, representing a turnaround of approximately US$5.6 million, while the gross profit margin rocketed from approximately −3.3% for the six months ended 30 September 2020 to approximately 52.6% for the six months ended 30 September 2021. The improvement in gross profit was due to the sharp increase in revenue and also the recovery in fuel value.

General and administrative expenses

General and administrative expenses of the Group increased from approximately US$1.2 million for the six months ended 30 September 2020 to approximately US$1.5 million for the six months ended 30 September 2021, representing an increase of approximately US$0.3 million or approximately 27.3%. It was mainly due to the restructure of shipping loan of the Group's two vessels which resulted in extra legal and professional fee and bank charges for refinancing of bank loans.

Finance costs

Finance costs of the Group decreased from about US$3.0 million for the six months ended 30 September 2020 to about US$1.8 million for the six months ended 30 September 2021, representing a decrease of approximately US$1.2 million. The interest expense of the convertible bonds in the total principal amount of US$54,000,000 issued by the Company in relation to the acquisition of the entire issued share capital of Top Build (the "**Top Build Convertible Bonds**") ceased accrual at maturity and therefore decreased by US$1.5 million as compared to the six months ended 30 September 2020. Such reduction was set off by the moderate increase in interest expenses of approximately

US$0.1 million from borrowings and loans and write-off of unamortised loan originating fee approximately US$0.2 million due to transfer a loan from a financial institution to a new lender.

Profit/(loss) for the period

The Group generated profit for the period of approximately US$14.6 million for the six months ended 30 September 2021 as compared with the loss for the period of approximately US$3.7 million for the six months ended 30 September 2020. As disclosed in the positive profit alert and business update announcements of the Company dated 1 September 2021, 21 September 2021 and 19 November 2021, the turn from loss to profit was mainly attributable to following factors: (i) the sharp increase in revenue due to the newly signed chartering agreements with favourable daily charter hire income between July and August 2021; (ii) the continuous and steady increment on freight rate during 2021 and second hand vessel price rebound during 2021; and (iii) the reversal of impairment losses on property, plant and equipment resulting from the increase in fair value of the vessels owned by the Group after taking into account the second hand vessel price rebound as at 30 September 2021. Furthermore, the marked-to-market gain in bunker inventory, and the decrease in finance cost also contributed to the turnaround.

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

The Group's EBITDA has increased from US$1.3 million for the period ended 30 September 2020 to US$5.8 million for the period ended 30 September 2021 due to sharp increase in revenue with favourable charters signed.

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 and 24 November 2021, the Top Build Convertible Bonds matured on 10 May 2021 and the Company has defaulted in the redemption of the Top Build Convertible Bonds in full in accordance with the terms and conditions thereof (the "**Default**"). Since 2020, the Company has been negotiating with the bond holder for the extension of the maturity of the Top Build Convertible Bonds for an extended period of not less than twelve months. Due to the continuous impacts on COVID-19, such extension could not take place prior to the original maturity date, and the Company has not repaid to the bond holder the redemption amount for the Top Build Convertible Bonds in full on the maturity date. Up to the date of this interim report, US$52 million in the redemption amount of the Top Build Convertible Bonds remained outstanding (the "**Outstanding Redemption Amount**"). On 24 November 2021, the Company and the bond holder, among others, entered into a settlement agreement (the "**Settlement Agreement**") in which the bond holder has agreed, among others, to withhold from taking any litigation or claims against the Company in respect of the Default. Pursuant to the Settlement Agreement, the Company will settle the Outstanding Redemption Amount by repaying the bond holder (i) US$25,000,000 in cash within two months from the date of the Settlement Agreement; (ii) US$15,000,000 in cash on or before 28 February 2022; and (iii) US$12,000,000 by issuing corporate bond for the principal amount of US$12,000,000 with a maturity date of two years on or before 28 February 2022. Upon full repayment of the Outstanding Redemption Amount as contemplated under the Settlement Agreement, the Company shall be released and discharged of its obligations and liabilities under the Top Build Convertible Bonds and the Default. Please refer to the announcements of the Company dated 14 May 2021, 24 June 2021 and 24 November 2021 for further details.

Liquidity, financial resources, capital structure and gearing ratio

As at 30 September 2021, the Group's cash and cash equivalents amounted to approximately US$4.1 million (as at 31 March 2021: approximately US$0.2 million), of which approximately 98.21% were denominated in US$, approximately 1.76% were denominated in HK$ and approximately 0.03% were denominated in RMB. Outstanding bank borrowings amounted to approximately US$14.2 million (as at 31 March 2021: approximately US$10.5 million) and other loans (including convertible bonds) amounted of to approximately US$64.9 million (as at 31 March 2021: approximately US$70.1 million), of which 99.06% were denominated in US$ and 0.94% were denominated in HK$.

As at 30 September 2021 and 31 March 2021, 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 54.3% and 61.5% respectively. The decrease in gearing ratio as at 30 September 2021 was mainly due to the decrease in principal amount of the Top Build Convertible Bonds after US$2 million redemption during the period, increase in cash and cash equivalent with increase in revenue and increase in property, plant and equipment value after the reversal of impairment loss of vessels of the Group.

The Group recorded net current liabilities of about US$71.2 million as at 30 September 2021 and approximately US$64.5 million as at 31 March 2021 was mainly due to the increase in current portion of a bank borrowing and loan for a financial institution, representing an increase of about US$6.7 million. Such increase was mainly due to (i) increase in bank balance after the improvement in turnover; (ii) the event of default of Top Build Convertible Bonds resulted in the cross-defaults in a bank loan and a loan from a financial institution which may cause the loans to become immediately due and hence the non-current portion of bank borrowings and loan from a financial institution were classified to current liabilities; and (iii) the principal redemption of US$2.0 million of Top Build Convertible Bonds which remained outstanding and amounted to approximately US$52.0 million as at 30 September 2021.

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 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 understakings 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 2021.

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 Investment Limited, a controlling shareholder of the Company (as defined in the Listing Rules), ("**Ablaze Rich**") 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 Fourth Facility were extended on 15 January 2021. 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 2021, 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 15 January 2023, the Second Facility will be repayable on an extended repayment date which is on or before 15 January 2023, 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 15 January 2023, the Fifth Facility will be repayable on or before 12 March 2022 and the Sixth Facility will be repayable on or before 22 June 2022. On 30 September 2021, the ultimate holding company confirmed its intention to extend the maturity of Sixth Facility of US$3.0 million for 2 years upon its maturity on 22 June 2022. 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 and the Fifth Facility have been repaid in full. The drawn amount under each of the other four Facilities 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 the assets of the Group, the receipt of financial assistance by the Group thereunder are fully exempt under Rule 14A.90 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

On 30 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 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 fund undertakings entered on 31 March 2019 was superseded by this deed, and had ceased to be effective from 30 September 2020.

On 30 September 2021, 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 above deed entered on 30 September 2020 was superseded by this deed, and had ceased to be effective from 30 September 2021. US$7 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 2021, the Group recorded outstanding bank loans and loan from a financial institution of about US$16.2 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 2021, the Group had pledged the following assets to bank and a financial institution as securities against bank borrowing and loan facilities granted to the Group:

	30 September 2021	31 March 2021
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Property, plant and equipment	**50,470**	52,108
Pledged deposit	**500**	500
Pledged bank deposits	**1,449**	1,987
	52,419	54,595

Contingent liabilities

There were no other material contingent liabilities for the Group as at 30 September 2021.

Interim dividend

The Board does not recommend any interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: 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 2021.

Employees' remuneration and retirement scheme arrangements

As at 30 September 2021, the Group had a total of 95 employees (as at 30 September 2020: 100 employees). For the six months ended 30 September 2021, the total salaries and related costs (including Directors' fees) amounted to approximately US$2.2 million (as at 30 September 2020: 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.

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. Cao Jiancheng has resigned as executive Director and ceased to be an authorised representative of the Company with effect from 18 August 2021.

Mr. Yan Kim Po has been appointed an authorised representative of the Company with effect from 18 August 2021.

Ms. Lam Kwan ceased to be an executive director of HS Optimus Holdings Limited (formerly known as KLW Holdings Limited) (SGX Stock Code: 504), a company listed on Singapore Exchange Securities Trading Limited, on 28 July 2021.

Dr. Chan Chung Bun, Bunny was awarded the Grand Bauhinia Medal in 2021.

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.

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 2021, 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 2021.

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 2021. The Audit Committee has reviewed with the management of the Group the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including a review of the unaudited condensed consolidated financial information of the Group for the six months ended 30 September 2021 with Directors.

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 Mr. Wai Kwok Hung, with Mr. Cheung Kwan Hung as its chairman.

Update on Remedial Measures

The consolidated financial statements of the Group for the year ended 31 March 2021 was subject to the disclaimer of audit opinion by the auditor of the Company as detailed in the 2021 annual report of the Company ("**2021 Annual Report**"). Further to the management's response and relevant remedial measures taken and to be taken by the management as set out in Note 2.1.1 to the consolidated financial statements in the 2021 Annual Report, the management of the Company wishes to provide the latest update on the relevant remedial measures taken or to be taken, details of which are set out in note 2.1 to the condensed consolidated interim financial information. Such remedial measures have been considered, recommended and agreed by the Audit Committee after its critical review of the management's position for the period ended 30 September 2021.

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 2021 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
Chairman

Hong Kong, 26 November 2021

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