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 2024

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 2024 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

		Six months ended 30 September	
		2024	2023
	Note	***US$'000***	*US$'000*
		(Unaudited)	(Unaudited)
Revenue	4	**11,560**	6,639
Cost of services		**(11,424)**	(6,857)
Gross profit/(loss)		**136**	(218)
Other (loss)/gains, net		**(3,210)**	5
Other income		**46**	95
General and administrative expenses		**(1,244)**	(1,281)
Impairment losses on property, plant and equipment		**(1,150)**	(2,644)
Operating loss		**(5,422)**	(4,043)

	Notes	Six months ended 30 September **2024** *US$'000* **(Unaudited)**	2023 *US$'000* (Unaudited)
Finance income		**5**	19
Finance costs		**(2,057)**	(2,661)
Finance costs – net		**(2,052)**	(2,642)
Loss before income tax		**(7,474)**	(6,685)
Income tax expense	5	**–**	–
Loss for the period		**(7,474)**	(6,685)
Loss attributable to:			
Owners of the Company		**(7,468)**	(6,679)
Non-controlling interest		**(6)**	(6)
		(7,474)	(6,685)
Other comprehensive expense for the period			
Item that may be reclassified subsequently to profit or loss			
Currency translation differences		**(16)**	(2,014)
Total comprehensive expense for the period		**(7,490)**	(8,699)
Total comprehensive expense attributable to:			
Owners of the Company		**(7,483)**	(8,512)
Non-controlling interest		**(7)**	(187)
		(7,490)	(8,699)
Loss per share attributable to owners of the Company			
Basic loss per share	6	**(US0.78 cents)**	(US0.70 cents)
Diluted loss per share	6	**(US0.78 cents)**	(US0.70 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	Note	**30 September 2024**	31 March 2024
		US$'000	*US$'000*
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**26,630**	37,273
Investment properties		**73,451**	73,474
Right-of-use assets		**199**	328
		100,280	111,075
Current assets			
Trade receivables, deposits, prepayments and other receivables	8	**1,260**	3,080
Cash and cash equivalents		**1,623**	1,058
		2,883	4,138
Total assets		**103,163**	115,213
EQUITY			
Equity attributable to owners of the Company			
Share capital		**1,221**	1,221
Reserves		**9,345**	16,828
		10,566	18,049
Non-controlling interest		**4,412**	4,419
Total equity		**14,978**	22,468

	Note	30 September 2024 US$'000 (Unaudited)	31 March 2024 US$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings and loans		**1,513**	6,730
Lease liabilities		**28**	84
Deferred tax liabilities		**17,565**	17,571
		19,106	24,385
Current liabilities			
Other payables and accruals		**11,937**	12,101
Borrowings and loans		**107**	105
Convertible bonds		**56,857**	55,900
Lease liabilities		**174**	248
Tax payables		**4**	6
		69,079	68,360
Total liabilities		**88,185**	92,745
Total equity and liabilities		**103,163**	115,213

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Great Harvest Maeta 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. 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.

These 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

These condensed consolidated financial statements of the Group for the six months ended 30 September 2024 have 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**"). The condensed consolidated financial statements do not include all the notes of the type normally included in an annual consolidated financial statements. Accordingly, the condensed consolidated financial statements are to be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2024 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") 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 Group reported a net loss of approximately US$7,474,000 for the six-month period ended 30 September 2024. As at 30 September 2024, the Group's current liabilities exceeded its current assets by approximately US$66,196,000, which included borrowings and loans of approximately US$107,000 and convertible bonds of approximately US$56,857,000 that are repayable within one year, while the Group's cash and cash equivalents balance was approximately US$1,623,000. In addition, the Group has entered into agreements which will involve capital commitments of approximately US$250,000 in respect of investment properties project as at 30 September 2024.

Pursuant to the supplemental settlement agreement, the Company shall settle the outstanding redemption amount of the convertible bonds (which amounted to approximately US$56,857,000 in which principal and interest payable are approximately US$47,930,000 and US$8,927,000 respectively, as at 30 September 2024) and all accumulated interest, both to be paid in cash in one lump sum which amount to approximately US$57,823,000, in which principal and interest payable are approximately US$47,930,000 and US$9,893,000 respectively on 31 December 2024 (the "**Settlement**").

As the financial resources available to the Group as at 30 September 2024 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 plans and measures have been taken by the Group to improve their liquidity position, which include:

(i) Extension of the repayment in relation to the Settlement under the supplemental settlement agreement

The Group is actively negotiating with the holder of the convertible bonds (the "**Bondholder**") for an extension of the repayment date in relation to the Settlement. The directors of the Company currently expect that agreements with the Bondholder will be reached in due course and negotiation process is ongoing with the Bondholder. Up to the date of approval of these condensed consolidated financial statements, the Group has not reached any formal agreements with the Bondholder.

(ii) Various settlement proposals

The Group is actively negotiating with the Bondholder for various settlement proposals including realisation of assets to finance the Settlement. Negotiation with the Bondholder is ongoing as at the date of this announcement.

(iii) Financing through ultimate holding company

On 30 September 2024, the Company entered into a deed of funding undertakings (the "**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 members 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.

In addition, Ablaze Rich granted a loan amounted to US$3 million in 2017 of which US$1.2 million is still outstanding as at 30 September 2024.

(iv) Financing through banks and capital market

The Group is 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, and to negotiate with the Bondholder for various settlement proposals and solution to finance the Settlement. Negotiation with the Bondholder and potential investor(s) is ongoing as at the date of this announcement.

(v) 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 strength its working capital and mitigate the potential market fluctuation.

The directors of the Company have reviewed the Group's cash flow projection for a period covering not less than twelve months from 30 September 2024. Assuming that agreement on an extension of the repayment date under the supplemental settlement agreement or other solutions would be reached and the plans and measures as described above would be successfully implemented by the Group, the directors of the Company accordingly consider it is appropriate 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 followings:

(i) Whether the Group can successfully negotiate an extension of the repayment date under the supplemental settlement agreement;

(ii) Whether the Group can realise its assets on time to finance needed funding requirements;

(iii) Whether the ultimate holding company will be able to provide further funding to the Group under the above-mentioned Undertakings, as and when needed, to meet the Group's working capital and scheduled loan repayments;

(iv) Whether the Group can successfully obtain financing through banks, capital market, or agree on alternative sources to finance the Settlement with the Bondholder; and

(v) Whether the Group can successfully improve its operation of chartering of dry bulk vessels under market fluctuation, and whether the Group can exercise stringent control on capital and operating expenditures in order to generate sufficient operating cash inflow.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, 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.

Other than change in the accounting policies resulting from application of the amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six-month ended 30 September 2024 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2024.

Application of amendments to HKFRSs

In the current 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 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current period has had no material impact 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 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 CODM 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 CODM.

(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 2024 (unaudited)				
Revenue recognised over-time from external customers	**11,560**	**–**	**–**	**11,560**
Depreciation of property, plant and equipment	**(2,255)**	**–**	**–**	**(2,255)**
Loss on disposal of property, plant and equipment	**(3,213)**	**–**	**–**	**(3,213)**
Impairment losses on property, plant and equipment	**(1,150)**	**–**	**–**	**(1,150)**
Finance costs	**(13)**	**(1,957)**	**(87)**	**(2,057)**
Segment loss before income tax	**(5,146)**	**(2,030)**	**(298)**	**(7,474)**
Income tax expense				**–**
Loss for the period				**(7,474)**

	Chartering of vessels	Property investment and development	Unallocated	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Six months ended 30 September 2023 (unaudited)				
Revenue recognised over-time from external customers	6,639	–	–	6,639
Depreciation of property, plant and equipment	(2,679)	–	–	(2,679)
Impairment losses on property, plant and equipment	(2,644)	–	–	(2,644)
Finance costs	(534)	(1,990)	(137)	(2,661)
Segment loss before income tax	(4,248)	(2,059)	(378)	(6,685)
Income tax expense				–
Loss for the period				(6,685)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss represents the 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	Property investment and development	Unallocated	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
As at 30 September 2024 (unaudited)				
Segment assets	**29,099**	**73,954**	**110**	**103,163**
As at 31 March 2024 (audited)				
Segment assets	41,143	74,007	63	115,213

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 2024 and 2023, revenue is recognised over time when the Group transfers control of the services over time, based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously.

All unsatisfied vessel chartering service contracts are for periods of less than one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(d) Geographical information

Due to the nature of the provision of vessels chartering services, which are carried out internationally, the directors of the Company 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 2024	31 March 2024
	US$'000	*US$'000*
	(Unaudited)	(Audited)
The People's Republic of China ("**The PRC**")	**73,451**	73,474

5. INCOME TAX EXPENSE

Under the two-tiered profits tax rates regime of Hong Kong profits tax, the first HK$2 million of assessable profits of qualifying corporation under Hong Kong profits tax will be taxed at 8.25%, and assessable profits above HK$2 million will be taxed at 16.5%. For the six months ended 30 September 2024 and 2023, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The assessable profits of other entities of the Group not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the rate of 16.5%. The subsidiaries established in the PRC are subject to corporate income tax rate of 25% for both periods.

	Six months ended 30 September	
	2024	2023
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Current income tax		
Hong Kong profits tax	**–***	–*

* *Less than US$1,000.*

6. LOSS PER SHARE

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

	Six months ended 30 September	
	2024	2023
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to the owners of the Company for the purpose of basic loss per share	**(7,468)**	(6,679)

	Six months ended 30 September	
	2024	2023
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**952,614**	952,614

For the six months ended 30 September 2024 and 2023, the computation of diluted loss per share does not assume the exercise of the Company's share options and the conversion of the Company's outstanding convertible bonds since their assumed exercise would result in a decrease in loss per share.

7. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 September 2024 (2023: same).

8. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 September 2024	31 March 2024
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Trade receivables	**620**	886
Prepayments	**89**	889
Deposits	**48**	45
Other receivables	**477**	1,234
Other receivables due from related companies	**26**	26
	1,260	3,080

As at 30 September 2024 and 31 March 2024, the ageing analysis of the trade receivables based on invoice date were as follows:

	30 September 2024	31 March 2024
	US$'000	*US$'000*
	(Unaudited)	(Audited)
0-30 days	**620**	562
31-60 days	**–**	152
61-90 days	**–**	43
91-365 days	**–**	49
Over 365 days	**–**	80
	620	886

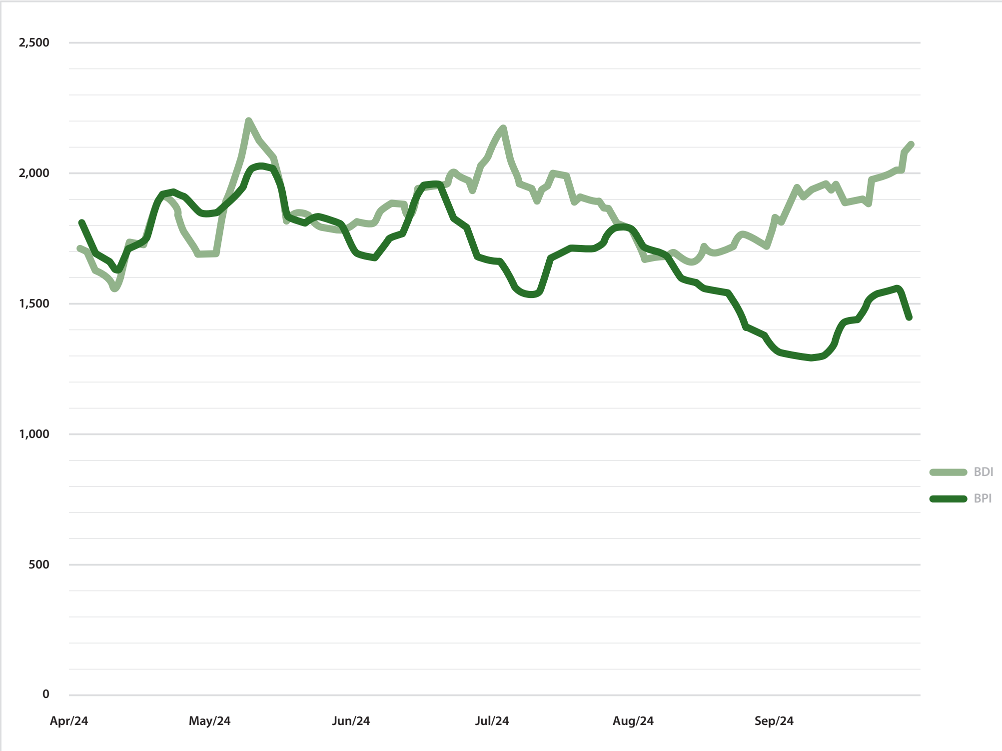
The carrying amounts of trade receivables, deposits and other receivables approximate their fair values and are mainly denominated in US$.

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 2024 – 30 September 2024



In the first half of 2024, the international dry bulk shipping market maintained strong momentum, with the overall performance reaching the third highest level since 2011. Demands in China remained the biggest driver for the upward trend of the dry bulk market. Uncertainties such as the Red Sea tensions, the drought in the Panama Canal, and the Russo-Ukrainian conflict have also contributed to the upward trend of the market. Increased market demand and extended shipping distances have boosted the confidence in the industry, leading to a situation in the dry bulk shipping market where prices were easier to rise than to fall.

The international dry bulk shipping market showed a W-shaped growth trend in the first half of 2024. The average BDI index was 1,836 in the first half of the year, up by 58.7% year-on-year. It marks the third highest semi-annual average level since 2011, just below 2,057 in the first half of 2021 and 2,279 in the first half of 2022.

There was a significant year-on-year increase in the charter rates of all vessel types in the first half of 2024. In particular, the average charter rate per panamax vessel for 5TC reached US$15,910/day, representing a significant year-on-year increase of 35.2%.

The global shipping volume has been growing year by year, except in 2020 when there was a slight decline due to the unexpected impact of COVID-19 pandemic. According to the statistics of a market research institution, the global dry bulk shipping volume was approximately 2.64 billion tons in the first half of 2024, representing a year-on-year increase of 5.8%, which was well above the global economic growth and industry expectation at the beginning of the year.

In the first half of 2024, a total of 245 new dry bulk vessels with a capacity of 18.47 million dwt were delivered, and 31 vessels with a capacity of 1.95 million dwt were disassembled, leading to a net increase of 214 vessels with a capacity of 16.52 million dwt.

In the first half of 2024, the Panamax market carried a dry bulk shipping volume of approximately 676.3 million tons, representing a year-on-year increase of approximately 8.4%. Among the main cargo types carried, the shipping volume of coal, agricultural products and minor bulks amounted to approximately 354.2 million tons, 151.7 million tons and 94.38 million tons, growing by approximately 7.5%, 5.2% and 9.8% year-on-year, respectively.

Business Review

The Group's vessels were in sound operation between 1 April 2024 and 30 September 2024. Currently, the fleet has a size of 150,187 dwt and an average age of 17 years.

The fleet maintained a relatively high operating performance with an average vessel charter-out percentage of 92.2% for the first half of the year. The average daily charter hire income of each vessel in the fleet was approximately US$11,132 per day, which was 18.3% 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 rate during the period.

Due to changes in the vessel age and the market demand, the Company made timely adjustments to the fleet's main shipping capacity to the Australian and Indonesian coal shipment routes. Benefiting from the substantial increase in China's coal imports this year, the fleet achieved better operating results. The Group was able to exert stringent control over costs and expenses in the management of its fleet and strived to minimize voyage expenses. Thus, the management expenses of its vessels were basically within budget.

During the six-month period ended 30 September 2024, the Group disposed of a vessel named "GH Power" in July 2024. For details, please refer to the announcement of the Company dated 12 July 2024 and the circular of the Company dated 23 August 2024.

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

Looking ahead to the second half of the year, the U.S. election has introduced greater uncertainty to Sino-American relations, while the Russo-Ukrainian conflict and the tense situation in the Middle East both face new turning points. Despite the continued growth in global shipping demand and the relatively slow growth in supply of shipping capacity, the relatively strong growth momentum seen in the first half of the year has already honored most of the benefits in advance. With the overall market confidence declining, there is a higher probability that the dry bulk shipping market will enter an adjustment period in the second half of the year.

The second half of the year is the peak season for the production and export of iron ores, coal and other mineral products in the Southern Hemisphere. The production and trade of commodities are closely related to economic demand. Given the rapid growth in commodity trade in the first half of the year, a positive outlook is expected for the second half of the year.

The global iron and steel industry is currently facing challenges in expansion, with China's iron and steel production capacity barely maintaining its level. Due to the profit contraction across domestic steel mills coupled with the "carbon reduction actions", crude steel may face pressure for adjustment. Considering comprehensively the significant regulatory pressure on domestic crude steel production in the later stages, iron ore demand may be under pressure and is expected to decline in the second half of the year. China's iron ore import demand will continue to grow, yet at a decreasing growth rate. Overall, global iron ore demand in the second half of 2024 is expected to be under pressure, and the growth rate is expected to be significantly lower than that of the first half of the year.

The Russo-Ukrainian war has led to a shift in the global energy landscape, which, coupled with an increase in extreme weather conditions, has made global coal trade more active. Southeast Asia and India have experienced strong economic growth, and the energy structure of these countries and regions is relatively monotonous, with coal playing a dominant role and new energy developing slowly. Their electricity demand is mainly met by coal power, and the demand for coal in these countries is expected to remain strong.

While countries worldwide have set carbon reduction targets, given the significant disparities in economic structures of these countries, only a few of them adhere to their carbon abatement plans. Coal policy flip-flops can be found in some developed countries. Overall, the peak of global coal production, consumption and trade has yet to be reached. Coal trade is expected to remain optimistic in the second half of 2024, continuing to support the dry bulk shipping market.

Food production is closely intertwined with climate and national policies. Since the outbreak of the Russo-Ukrainian conflict, Ukraine's food exports have plummeted, altering the global food trade landscape. The ongoing US-China rivalry has led to a sharp decline in US soybean exports to China, while Brazilian soybeans have gained significant market traction. Driven by population growth and the increasing frequency of extreme weather events, the overall demand for global food trade is steadily rising. Adjustments in food trade patterns are likely to alter shipping mileage, such as Brazil, Argentina and the US substituting for Ukraine in food exports, which will substantially increase transportation mileage, benefiting the dry bulk shipping industry.

In addition to aforesaid primary commodities, the demand for the transportation of small dry bulk commodities such as fertilisers, cement, timber, nickel ore and manganese ore is also expected to continue its steady growth. Achieving consensus in the Russo-Ukrainian and Israeli-Palestinian conflicts remains fraught with difficulties, while risks associated with Houthi attacks on commercial vessels persist. The decline in shipping efficiency and the evolving transportation landscape will continue to underpin the market.

The dry bulk shipping market has historically experienced considerable fluctuations and is subject to a certain degree of cyclicity. 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 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.

Financial Review

Revenue

The revenue of the Group increased from US$6.6 million for the six months ended 30 September 2023 to US$11.6 million for the six months ended 30 September 2024, representing an increase of US$5.0 million, or 74.1%. Following the disposal of vessels GH Harmony and GH Power in January 2024 and July 2024 respectively, the Group's remaining fleet now has 2 vessels. On the other hand, the average daily charter hire income of the Group's fleet increased from US$9,407 for the six months ended 30 September 2023 to US$11,132 for the six months ended 30 September 2024. Also, besides chartering out owned vessels, the Group has also expanded into vessel sub-leasing business starting from April 2024 and 7 freights have been completed from April to September 2024, generating over US$6.6 million freight revenue. The Directors expect this freight chartering business would be another core revenue-generating business for the Group going forward.

Cost of services

Cost of services of the Group increased from US$6.9 million for the six months ended 30 September 2023 to US$11.4 million for the six months ended 30 September 2024, representing an increase of US$4.5 million, or 66.6%. Following the disposal of vessels GH Harmony and GH Power in January 2024 and July 2024 respectively, the Group's remaining fleet now has 2 vessels, which led to the drop in the Group's cost of ship operation, including but not limited to vessel depreciation, crew expenses and other management costs. On the other hand, the freight cost in relation to the new vessel sub-leasing business starting from April 2024 amounted to US$6.5 million for the six months ended 30 September 2024.

Gross profit/(loss)

The Group recorded a gross profit of US$0.1 million for the six months ended 30 September 2024 as compared to the gross loss of US$0.2 million for the six months ended 30 September 2023, representing a turnaround of US$0.3 million. It was due to the larger increase in revenue of 74.1% as compared to the increase in cost of services of 66.6% for the six months ended 30 September 2024.

General and administrative expenses

General and administrative expenses of the Group decreased from US$1.3 million for the six months ended 30 September 2023 to US$1.2 million for the six months ended 30 September 2024, representing a decrease of US$0.1 million or 2.9%. The slight decrease in administrative cost was mainly due to the reduction in legal and professional fees and staff cost under the Group's continued stringent expenditure control for the six months ended 30 September 2024.

Provision for impairment losses on property, plant and equipment

The Group principally engages in chartering of dry bulk vessels and the Group's fleet has 2 vessels with carrying capacity of 150,187 dwt and an average age of 17 years. The Group maintained a fleet occupancy rate of 92.2% for the six months ended 30 September 2024.

The Group's management regards each individual vessel as a separate identifiable cash-generating unit ("**CGU**").

As at 30 September 2024, the Group reviewed the carrying amounts of its property, plant and equipment (including the 2 vessels) to determine whether there is any indication that those assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased. The Group estimated the recoverable value, representing the greater of the vessels' fair value less cost to disposal ("**FVLCTD**") or its value in use ("**VIU**") and internal and external sources of information are considered in the estimation assessment.

Impairment Assessment:

VIU: The VIU of the vessels is assessed based on management's assumptions and estimates of vessels' future earnings and appropriate pre-tax discount rates to derive the present value of those earnings. The Group usually enters charter hire contracts for periods of 3 to 6 months in the spot market. The discount rates used for the VIU calculation on owned vessels was 10.5% (30 September 2023: 8.8%), which are based on the industry sector risk premium relevant to the CGUs and the applicable gearing ratio of the CGUs.

FVLCTD: As at 30 September 2024, the aggregate FVLCTD of the vessels amounted to US$26.6 million. The fair value is based on valuations performed by a leading international company specialised in vessels valuation.

The fair value of the vessels was an estimate of fair market price based on the price the valuer estimates as its opinion in good faith that the vessels would obtain in a hypothetical transaction between a willing buyer and a willing seller on the basis of prompt charter free delivery at an acceptable worldwide delivery port, for cash payment on standard sale terms.

The fair value of the vessels was primarily determined based on the direct comparison method with reference to recent sales of comparable vessels. In particular, the vessel's market value is estimated using five factors:

– Type: Each vessel type is modelled independently.

– Features: Relative scores are assigned to all features recorded in the vessel database.

– Age and Cargo Capacity: The nonlinear dependences of value on age and cargo capacity are modelled using mathematical functions with adjustable parameters which allow them to assume a variety of shapes. Constraints are imposed on these parameters by application of economic principles and broking expertise.

– Freight Earnings: Time charters, spot freight rates and forward freight agreements are used to create indicators of freight market sentiment for each vessel type. Signal processing techniques are applied to these indicators to maximise their correlation with vessel values.

The market approach was consistently adopted for the six months ended 30 September 2024 and 2023. The market approach was adopted as the Company considered it to be the most suitable valuation method as it is universally considered as the most accepted valuation approach for valuing a vessel because it is based on publicly available data on comparable transactions. In the marketplace, buyers and sellers often have different perceptions of the value of the asset in disposal. The market approach, which valuation is based on and with reference to actual transaction prices by direct comparison to recent actual sales of comparable vessels, needs fewer subjective assumptions as compared to the other alternative approaches and provides a concrete method that eliminates ambiguity or uncertainty for determining the value of the vessel's worth. There were no subsequent changes in the valuation method used.

As at 30 September 2024, the aggregate recoverable amounts of vessels amounted to US$26.6 million, which were determined by FVLCTD. Since the recoverable amounts of each of the 2 vessels were lower than their respective carrying amounts, the carrying amount of the vessels is reduced to its recoverable amount, and impairment losses of US$1.2 million was recognised in the condensed consolidated statement of profit or loss and other comprehensive income of the Group for the six months ended 30 September 2024. Such impairment loss is non-cash in nature and does not have impact on the operating cash flows of the Group.

Finance costs

Net finance costs of the Group decreased from US$2.6 million for the six months ended 30 September 2023 to US$2.1 million for the six months ended 30 September 2024, representing a decrease of US$0.5 million or 22.3%. The decrease in net finance costs was mainly due to the repayment of borrowings and loans, in particular the term loan for the principal amount of US$14.75 million for refinancing the Group's bank borrowings in relation to GH GLORY and HARMONY ("**GH GLORY/HARMONY Loan**") has been fully repaid after the disposal of vessel GH Harmony in January 2024.

Loss for the period

Loss for the six months ended 30 September 2023 amounted to US$6.7 million and the Group recorded a loss of US$7.5 million for the six months ended 30 September 2024, representing an increase of US$0.8 million or 11.8%. The increase in loss for the six months ended 30 September 2024 was mainly attributable to the following factors: (i) loss on disposal of vessel GH Power in July 2024 by US$3.2 million, off-setting by the (ii) turnaround of gross loss to gross profit of US$0.3 million; (iii) decrease in impairment loss on property, plant and equipment of US$1.5 million; and (iv) decrease in net finance costs of US$0.5 million.

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

The Group's EBITDA has slightly decreased from US$1.4 million for the six months ended 30 September 2023 to US$1.3 million for the six months ended 30 September 2024.

Convertible Bonds

As announced by the Company on 10 May 2016, completion of the acquisition of the entire issued share capital of Top Build Group Ltd. took place on 10 May 2016 and a convertible bond with principal amount of US$54,000,000 ("**Top Build Convertible Bonds**") was 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 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 Top Build 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.

As disclosed in the insider information announcement dated 31 March 2023, the Company has not repaid to the Bondholder the fourth quarterly instalment of US$500,000 due on 31 March 2023. The Company and the Bondholder have made further arrangements in relation to the settlement of the unpaid instalment and the US$500,000 was fully repaid in 3 instalments on or before 15 June 2023.

On 30 June 2023, the Company has made repayment of US$100,000 to the Bondholder for partial payment of the fifth quarterly instalment due on 30 June 2023.

On 22 November 2023, the Bondholder confirmed to the Company that the Company shall repay (i) the remaining balance of US$400,000 of the fifth quarterly instalment due on 30 June 2023; and (ii) the sixth quarterly instalment of US$500,000 (due on 30 September 2023) on or before 31 December 2023.

On 7 February 2024, the Company has made repayment of US$200,000 to the Bondholder for partial payment of the fifth quarterly instalment.

On 7 May 2024, the Bondholder confirmed to the Company that the Company shall repay (i) the remaining balance of US$200,000 of the fifth quarterly instalment; (ii) the sixth quarterly instalment of US$500,000; (iii) the seventh quarterly instalment of US$500,000 (due on 31 December 2023); (iv) the eighth quarterly instalment of US$500,000 (due on 31 March 2024); and (v) the ninth quarterly instalment of US$500,000 (due on 30 June 2024) on or before 31 December 2024.

On 13 September 2024, the Company has made repayment to the Bondholder for (i) the remaining balance of US$200,000 of the fifth quarterly instalment; (ii) the sixth quarterly instalment of US$500,000; and (iii) partial payment of US$300,000 of the seventh quarterly instalment.

Liquidity, financial resources, capital structure and gearing ratio

As at 30 September 2024, the Group's cash and cash equivalents amounted to US$1.6 million (as at 31 March 2024: US$1.1 million), of which 95.5% were denominated in US$, 4.4% were denominated in HK$ and 0.1% were denominated in RMB. Outstanding bank borrowings amounted to US$0.5 million (as at 31 March 2024: US$0.5 million) and other loans (including convertible bonds) amounted to US$58.0 million (as at 31 March 2024: US$62.2 million), of which 99.2% were denominated in US$ and 0.8% were denominated in HK$.

As at 30 September 2024 and 31 March 2024, 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 56.7% and 54.5% respectively. The slight increase in gearing ratio as at 30 September 2024 was mainly due to the decrease in assets arising from (i) disposal of vessel GH Power in July 2024 and (ii) impairment loss of vessels recognised as at 30 September 2024.

The Group recorded net current liabilities of about US$66.2 million as at 30 September 2024 and approximately US$64.2 million as at 31 March 2024. The slight increase was mainly due to (i) decrease in trade receivables, prepayments and other receivables; and (ii) accrual of interest for Top Build Convertible Bonds offset by the repayment of the principal of US$1.0 million during the six months ended 30 September 2024.

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 (as defined in the Listing Rules), 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 2023.

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 2024, 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 June 2026, the Second Facility will be repayable on an extended repayment date which is on or before 30 June 2026 and the Sixth Facility will be repayable on or before 30 June 2026. 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 Second Facility, the Third Facility, the Fourth Facility, the Fifth Facility and the Sixth Facility have been repaid in full and US$2,099,450 of the First Facility has 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 2024, 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 2023 was superseded by this deed, and had ceased to be effective from 30 September 2024. As at the date of this announcement, nil amount 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$. Operating expenses of the Group's Hong Kong subsidiaries were primarily denominated in HK$ 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 Hong Kong Dollars Best Lending Rate or cost of fund arising from the Group's variable-rate borrowings.

Charges on assets

As at 30 September 2024, the Group had pledged the following assets to the Bondholder as securities against the convertible bonds to the Group:

	30 September 2024	31 March 2024
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Investment properties	**35,347**	35,356
Property, plant and equipment	**8,939**	8,722
	44,286	44,078

Material acquisitions and disposals

Except for the disposal of vessel GH Power in July 2024, the Group had no other material acquisitions or disposals during the six months ended 30 September 2024.

Significant investment

The Group did not have any significant investment which accounted for more than 5% of the Group's total assets as at 30 September 2024.

Investment properties

Particulars of property interests held by the Group as at 30 September 2024 are as follows:

Location	**Existing use**	**Tenure**	**Attributable interest of the Group**
Investment properties			
Two parcels of land located at Meidian Slope, Hongqi Town, Qiongshan District, Haikou, Hainan Province, the PRC	Vacant	Medium	91%

Future plans for material investments or capital assets

The Group did not have any future plans for material investments or capital assets as at the date of this announcement.

Contingent liabilities

There were no material contingent liabilities for the Group as at 30 September 2024.

Interim dividend

The Board does not recommend any interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: 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 2024.

Employees' remuneration and retirement scheme arrangements

As at 30 September 2024, the Group had a total of 79 employees (as at 30 September 2023: 103 employees). For the six months ended 30 September 2024, the total salaries and related costs (including Directors' fees) amounted to approximately US$2.0 million (six months ended 30 September 2023: US$2.8 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.

The Group operates defined contribution plans by paying contributions to pension insurance plans. The Group's contributions to such defined contribution plans vest fully and immediately with the employees. Accordingly, there are no forfeited contributions under such plans which may be used by the Group as employer to reduce its existing level of contributions for the six months ended 30 September 2024.

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 C1 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 2024, the Company has complied with the CG Code except for the deviation as described below:

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Lam is the chairperson and chief executive officer of the Company. In view of Ms. Lam is one of the co-founders of the Company and has been operating and managing the Group since 2010, the Board considered that the roles of 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 chairperson and chief executive officer separately.

Save as disclosed above, the Company had complied with all the code provisions set out in the CG Code during the six months ended 30 September 2024.

NON-COMPLIANCE WITH THE LISTING RULES

Following the retirement of Dr. CHAN Chung Bun, Bunny ("**Dr. CHAN**") as an independent non-executive Director on 30 August 2024, the Company fails to meet the following requirements of the Listing Rules:

1. the Board does not comprise of at least three independent non-executive directors as required under Rule 3.10(1) of the Listing Rules;

2. the audit committee (the "**Audit Committee**") of the Board does not comprise of a minimum of three members as required under Rule 3.21 of the Listing Rules;

3. the remuneration committee (the "**Remuneration Committee**") of the Board is not chaired by an independent non-executive director and does not comprise of a majority of independent non-executive directors as required under Rule 3.25 of the Listing Rules; and

4. the nomination committee (the "**Nomination Committee**") of the Board does not comprise of a majority of independent non-executive directors as required under Rule 3.27A of the Listing Rules.

Since the retirement of Dr. CHAN, the Company has taken practicable steps to identify suitable candidates to fill the vacancy, but has yet to identify a suitable candidate to fill the vacancy as at the date of this announcement. As such, the Company fails to meet the requirement of Rule 3.11 of the Listing Rules. The Company will continue to use its best efforts to identify a suitable candidate and endeavours to fill the vacancies of independent non-executive Director and the Board committees as soon as practicable. Further announcement(s) will be made by the Company as and when appropriate.

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 C3 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 2024.

REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited condensed consolidated financial information of the Group for the six months ended 30 September 2024, which has also been reviewed by the Group's auditors, CL Partners 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 two independent non-executive Directors, namely Mr. CHEUNG Kwan Hung and Ms. WONG Tsui Yue Lucy, with Mr. CHEUNG Kwan Hung as its chairperson.

EXTRACT OF THE REVIEW REPORT BY CL PARTNERS CPA LIMITED ON THE GROUP'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

Disclaimer of Conclusion

Because of the significance of the matters described in the "Basis for disclaimer of conclusion" section of our report, we had not been able to obtain sufficient and appropriate review evidence to provide a basis for conclusion on the condensed consolidated financial statements. Accordingly, we do not express a conclusion on these condensed consolidated financial statements.

Basis for disclaimer of conclusion

Going concern

As described in Note 2.1 to the condensed consolidated financial statements, the Group reported a net loss of approximately US$7,474,000 for the six-month period ended 30 September 2024. As at 30 September 2024, the Group's current liabilities exceeded its current assets by approximately US$66,196,000, which included borrowings and loans of approximately US$107,000 and convertible bonds of approximately US$56,857,000 that are repayable within one year, while the Group's cash and cash equivalents balances was approximately US$1,623,000. In addition, the Group has entered into agreements which will involve capital commitments of approximately US$250,000 in respect of investment properties project as at 30 September 2024.

Pursuant to the Supplemental Settlement Agreement (as defined in Note 19 to the condensed consolidated financial statements), the Company shall settle the outstanding redemption amount of the convertible bonds (which amounted to approximately US$56,857,000, in which principal and interest payable are approximately US$47,930,000 and US$8,927,000 respectively, as at 30 September 2024) and all accumulated interest, both to be paid in cash in one lump sum which amount to approximately US$57,823,000, in which principal and interest payable are approximately US$47,930,000 and US$9,893,000 respectively on 31 December 2024.

The above conditions, along with other matters as set forth in Note 2.1 to the condensed consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern, and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

As detailed in Note 2.1 to the condensed consolidated financial statements, in view of the above circumstances, the directors of the Company have prepared a cash flow forecast of the Group which takes into account certain plans and measures covering a period of not less than twelve months from 30 September 2024. The validity of the going concern assumption is dependent on the successful and favourable outcomes of these plans and measures, as mentioned in Note 2.1 to the condensed consolidated financial statements, being undertaken by the management of the Group. The directors of the Company are of the opinion that, assuming the materialization of those plans and measures and most importantly the success in seeking solution with the Bondholder (as defined in Note 19 to the condensed consolidated financial statements) for an extension of the repayment date under the Supplemental Settlement Agreement or other solution proposals described in Note 2.1 to the condensed consolidated financial statements which improve the liquidity and financial position of the Group, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 September 2024 and would be able to continue as a going concern. Accordingly, the directors of the Company prepare the condensed consolidated financial statements on a going concern basis.

The appropriateness of the preparation of the condensed consolidated financial statements on the going concern basis depends on whether the plans and measures, as mentioned in Note 2.1 to the condensed consolidated financial statements, taken into account by the directors of the Company in the going concern assessment are achievable.

However, we have not been able to obtain sufficient appropriate review evidence to satisfy ourselves that the events or conditions underpinning the cash flow forecast of the Group for going concern assessment are reasonable and supportable because of the lack of sufficient appropriate review evidence from the management on the success and feasibility of:

(i) the extension of the repayment in relation to the Settlement under the Supplemental Settlement Agreement with the Bondholder;

(ii) the assets realisation as and when needed;

(iii) the financing from ultimate holding company; and

(iv) the financing through banks and capital market, or alternative sources to finance the Settlement.

There were no other satisfactory review procedures that we could adopt to conclude whether it is appropriate to use the going concern assumption to prepare these condensed consolidated financial statements.

As a result of these multiple uncertainties, the potential interaction of these uncertainties, and the possible cumulative effect thereof, we were unable to form a conclusion as to whether the going concern basis of preparation is appropriate.

Should the Group be unable to achieve the above mentioned plans and measures, as mentioned in Note 2.1 to the condensed consolidated financial statements, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further 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 the condensed consolidated financial statements.

Because of the significance of the matters described in the "Basis for disclaimer of conclusion" section of our report, we had not been able to obtain sufficient and appropriate review evidence to provide a basis for conclusion on the condensed consolidated financial statements. Accordingly, we do not express a conclusion on these condensed consolidated financial statements.

Management's View on the Disclaimer of Review Conclusion

The fundamental reason for the disclaimer of review conclusion (the "**Disclaimer**") made by the auditor of the Company for the six-month period ended 30 September 2024 is due to the fact that the Group reported a net loss of approximately US$7,474,000 for the six-month period ended 30 September 2024. As at 30 September 2024, the Group's current liabilities exceeded its current assets by approximately US$66,196,000, which included borrowings and loans of approximately US$107,000 and convertible bonds of approximately US$56,857,000 that are repayable within one year, while the Group's cash and cash equivalents balances was approximately US$1,623,000. In addition, the Group has entered into agreements which will involve capital commitments of approximately US$250,000 in respect of investment properties project as at 30 September 2024.

Pursuant to the Supplemental Settlement Agreement, the Company shall settle the outstanding redemption amount of the convertible bonds (which amounted to approximately US$56,857,000 as at 30 September 2024) and all accumulated interest, both to be paid in cash in one lump sum on 31 December 2024.

In view of the above circumstances, the Directors have prepared a cash flow forecast of the Group which takes into account certain plans and measures covering a period of not less than twelve months from 30 September 2024. The validity of the going concern assumption is dependent on the successful and favourable outcomes of these plans and measures, as mentioned in Note 2.1 to the condensed consolidated financial statements of the Group, being undertaken by the management of the Group. The appropriateness of the preparation of the condensed consolidated financial statements of the Group on the going concern basis depends on whether the plans and measures, as mentioned in Note 2.1 to the condensed consolidated financial statements of the Group, taken into account by the Directors in the going concern assessment are achievable. Therefore, the auditor of the Company was unable to form a review conclusion on the condensed consolidated financial statements of the Group. Please refer to Note 2.1 to the condensed consolidated financial statements of the Group for details.

The management also highlights the Group's net equity position and the Group's investment properties, being commercial properties in the Hainan province, the PRC, are presently vacant which current fair value exceeds the amount of convertible bonds, believing the Group has adequate available assets to discharge its redemption obligation should the Bondholder call for it, either by way of asset realization or asset offer in lieu of payment to finance the Settlement, without causing too much disruption to the Group's current business activities and operations.

Audit Committee's View on the Disclaimer of Review Conclusion

The Audit Committee has reviewed the Disclaimer for the six-month period ended 30 September 2024, and understood the Company's management (the "**Management**") position and basis as set out in the section headed "Management's View on the Disclaimer of Review Conclusion" above. Having considered the circumstances and plans and measures of the Group, the Audit Committee agrees with the Management's position and basis.

The Audit Committee is of the view that the Management should continue its efforts in implementing the plans and measures described in Note 2.1 to the condensed consolidated financial statements of the Group with the intention of addressing the Disclaimer.

The plans and measures of the Group to address the Disclaimer, as at the date of this announcement, are set out in Note 2.1 to the condensed consolidated financial statements of the Group.

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 2024 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
LAM Kwan
Chairperson

Hong Kong, 27 November 2024

As at the date of this announcement, the executive Directors are Ms. LAM Kwan and Mr. PAN Zhongshan; and the independent non-executive Directors are Mr. CHEUNG Kwan Hung and Ms. WONG Tsui Yue Lucy.