Great Harvest Maeta Group Holdings Limited
榮 豐 聯 合 控 股 有 限 公 司

(Incorporated in The Cayman Islands with Limited Liability)

Stock code: 3683

ANNUAL REPORT 2021

CONTENTS

GLOSSARY

"2017 Loan"	a term loan for the principal amount of US$20 million for the refinancing of the Group's bank borrowings in relation to three vessels owned by the Group, namely GH FORTUNE, GH GLORY and GH HARMONY. The principal amount shall be repayable by 20 consecutive quarterly instalments commencing three months from 24 November 2017
"Ablaze Rich"	Ablaze Rich Investments Limited (耀豐投資有限公司), a company incorporated in the BVI on 1 July 2008 and was owned as to 51% by Mr. Yan and 49% by Ms. Lam, and is the controlling shareholder of the Company
"Acquisition"	the acquisition of the entire issued share capital of Top Build by the Company from Mr. Yan, Ms. Lam and Mr. Yin Hai pursuant to the Sale and Purchase Agreement
"All Ages"	All Ages Holdings Limited (萬年控股有限公司), a company incorporated in the BVI on 1 November 2011 and was owned as to 50% by Ms. Lam and as to 50% by Mr. Yan Yui Ham, the son of Mr. Yan and Ms. Lam
"Articles"	the articles of association of the Company
"Audit Committee"	the audit committee of the Board
"Baltic Dry Index" or "BDI"	an index of the daily average of international shipping prices of various dry bulk cargoes made up of 20 key dry bulk routes published by the Baltic Exchange in London
"Baltic Panamax Index" or "BPI"	an index of the shipping prices of panamax vessels made up of four daily panamax vessel assessments of time charter rates published by the Baltic Exchange in London
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"CG Code"	Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules
"Company"	Great Harvest Maeta Group Holdings Limited (榮豐聯合控股有限公司), an exempted company incorporated in the Cayman Islands on 21 April 2010 under the Companies Laws, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with limited liability
"Conversion Share(s)"	the Share(s) to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds

GLOSSARY

"Daily TCE"	an acronym for daily time charter equivalent, a standard industry measurement of the average daily revenue performance of a vessel. Daily TCE is calculated by dividing the voyage revenues (net of expenses such as port, canal and bunker costs) by the available days (being the number of days that the vessel was operated by the Group during the charter period minus days without charter hire due to repair and maintenance and between two charter periods and days agreed with the charterers due to the speed claims or any other reasonable claims arising from the under-performance of the vessel) for the relevant time period
"Director(s)"	director(s) of the Company
"dwt"	an acronym for deadweight tonnage, a measure expressed in metric tons or long tons of a ship's carrying capacity, including cargoes, bunker, fresh water, crew and provisions
"EBITDA"	earnings before interest, taxes, depreciation, amortisation and reversal of impairment losses/(impairment losses) on property, plant and equipment
"GH GLORY/HARMONY LOAN"	a term loan for the principal amount of US$14.75 million for the refinancing of the Group's bank borrowings in relation to two vessels owned by the Group, namely GH GLORY and GH HARMONY. The principal amount shall be repayable by quarterly instalments commencing 30 June 2021
"Group"	the Company and its subsidiaries
"HK$" and "HK cents"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Lands"	two parcels of land located at Meidian Slope, Hongqi Town, Qiongshan District, Haikou, Hainan Province, the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market operated by the Stock Exchange, which excludes the GEM of the Stock Exchange and the options market
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Mr. Yan"	Mr. YAN Kim Po (殷劍波先生), the chairman of the Board, an executive Director and the husband of Ms. Lam

GLOSSARY

"Ms. Lam"	Ms. LAM Kwan (林群女士), the chief executive officer of the Company, an executive Director and the wife of Mr. Yan
"New GH POWER Loan"	a term loan for the principal amount of US$4.27 million for refinancing a vessel owned by the Group, namely GH POWER. The principal amount shall be repayable by 14 quarterly instalments commencing three months from 11 April 2019
"Nomination Committee"	the nomination committee of the Board
"PRC" or "China"	the People's Republic of China which, for the purposes of this annual report only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Remuneration Committee"	the remuneration committee of the Board
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the agreement dated 23 December 2015 entered into between the Company, Mr. Yan, Ms. Lam and Mr. Yin Hai in relation to, among other matters, the Acquisition
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Sfund"	Sfund International Investment Fund Management Limited (廣州基金國際股權投資基金管理有限公司), a company incorporated in Hong Kong on 11 August 2015, the holder of the Top Build Convertible Bonds
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Share Option Scheme"	the share option scheme of the Company approved and adopted by an ordinary resolution of the shareholders at the annual general meeting of the Company held on 19 August 2011
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Then GH POWER Loan"	a term loan for the principal amount of US$39 million for financing the acquisition costs of a vessel, namely GH POWER. The principal amount shall be repaid by 43 consecutive quarterly instalments commencing three months from 11 February 2008 with the final repayment date on 28 February 2019

"Top Build"	Top Build Group Ltd. (高建集團有限公司), a company incorporated in the BVI on 24 October 2014 and a wholly-owned subsidiary of the Company
"Top Build Convertible Bonds"	the convertible bonds in the total principal amount of US$54,000,000 due on 10 May 2021 issued by the Company to Mr. Yan, Ms. Lam and Mr. Yin Hai pursuant to the terms and conditions of the Sale and Purchase Agreement
"Union Apex"	Union Apex Mega Shipping Limited (聯合佳成船務有限公司), a company incorporated in Hong Kong on 2 December 2009 and a wholly-owned subsidiary of the Company
"US$" and "US cents"	United States dollars and cents, respectively, the lawful currency of the United States of America

* *for identification purpose only*

CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. YAN Kim Po (殷劍波) *(Chairman)*
Ms. LAM Kwan (林群) *(Chief Executive Officer)*
Mr. CAO Jiancheng (曹建成)

Independent non-executive Directors

Mr. CHEUNG Kwan Hung (張鈞鴻)
Dr. CHAN Chung Bun, Bunny (陳振彬)
Mr. WAI Kwok Hung (韋國洪)

Audit Committee

Mr. CHEUNG Kwan Hung (張鈞鴻)
(Chairman of Audit Committee)
Dr. CHAN Chung Bun, Bunny (陳振彬)
Mr. WAI Kwok Hung (韋國洪)

Remuneration Committee

Dr. CHAN Chung Bun, Bunny (陳振彬)
(Chairman of Remuneration Committee)
Mr. YAN Kim Po (殷劍波)
Mr. CHEUNG Kwan Hung (張鈞鴻)

Nomination Committee

Mr. YAN Kim Po (殷劍波)
(Chairman of Nomination Committee)
Dr. CHAN Chung Bun, Bunny (陳振彬)
Mr. WAI Kwok Hung (韋國洪)

Company secretary

Mr. WONG Kwok Keung (黃國強)

Authorised representatives

Mr. CAO Jiancheng (曹建成)
Mr. WONG Kwok Keung (黃國強)
Ms. LAM Kwan (林群)
(alternate to the authorised representatives)

Registered office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Headquarters and principal place of business in Hong Kong

12th Floor
200 Gloucester Road
Wanchai
Hong Kong

Principal share registrar and transfer office in the Cayman Islands

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Hong Kong share registrar and transfer office

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Independent auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

Legal adviser as to Hong Kong law

Chiu & Partners

Principal bankers

DVB Bank SE
DBS Bank (Hong Kong) Limited
Citibank (Hong Kong) Limited
The Hong Kong and Shanghai Banking Corporation Limited

Stock code

3683

Website address

www.greatharvestmg.com

The English and Chinese version of this Report can be downloaded from the Company's website and can be obtained from the Hong Kong share registrar, Tricor Investor Services Limited. In the event of any difference, the English version prevails.

FIVE YEAR FINANCIAL SUMMARY

	2021 US$'000	2020 US$'000	2019 US$'000	2018 US$'000	2017 US$'000
Results					
(Loss)/profit attributable to owners of the Company	**(3,258)**	(10,209)	10,090	(2,771)	(21,882)
EBITDA	**4,529**	6,666	6,161	5,843	2,445
Assets and liabilities					
Total assets	**131,030**	123,591	134,007	127,250	117,274
Total liabilities	**(105,730)**	(98,707)	(96,906)	(103,628)	(96,472)
Net assets	**25,300**	24,884	37,101	23,622	20,802

CHAIRMAN'S STATEMENT

Dear Shareholders,

In 2020, the global economic environment fluctuated irregularly with increased uncertainties in the face of the impact of COVID-19. International trade volume and shipping demand shrank and the dry bulk shipping market was highly uncertain, leading to a relatively low spot freight rate. However, as the world is pushing forward with vaccination and the pandemic is gradually under control in major economies, economic indicators for 2021 will show positive growth and the freight rates of dry bulk carriers have seen a surge at the beginning of the year. Spot freight rates have gone up to new highs in recent years and the excess supply of vessels in the shipping market was eased. Given a rather enormous import volume of iron ore, soybean, grain and other bulk goods from China and the expected increase in such import in the future, the demand for dry bulk marine transportation has maintained a growth. We hope that the freight rates of dry bulk shipping for the year will stay at a higher level amid worldwide economic growth and, hence, vessel owners will enjoy a higher profitability.

In the past year, the Group's fleet remained unchanged with an average age of 15 years and a size of 319,923 dwt. Under the volatile market conditions, the Group maintained its proactive and prudent operating strategies, with a fleet occupancy rate of approximately 97.15% and a total of 1,418 days of occupancy throughout the year. Average daily charter rate per vessel was approximately US$8,746 per day and the recovery rate of charter hire was close to 100%.

Looking forward to the coming year, the dry bulk shipping market witnessed a significant rise in spot freight rate at the beginning of 2021. As COVID-19 is gradually under control, large-scale vaccination is in progress and the world economic outlook improves, the operating environment is expected to be positive for spot shipping freight rate. According to the forecast of the International Monetary Fund ("IMF"), overall economic growth this year will be 6% while international trade is also growing. The market also expects an increase of approximately 4% in dry bulk shipping demand this year. Even though there is the factor of a relatively low base last year, the significant change in economic conditions is attributable to the control of the COVID-19 pandemic.

As announced by the Company on 14 May 2021 and 24 June 2021, the Top Build Convertible Bonds matured on 10 May 2021. For details and latest status of the Top Build Convertible Bonds, please refer to the section of Convertible Bonds on pages 17 and 18.

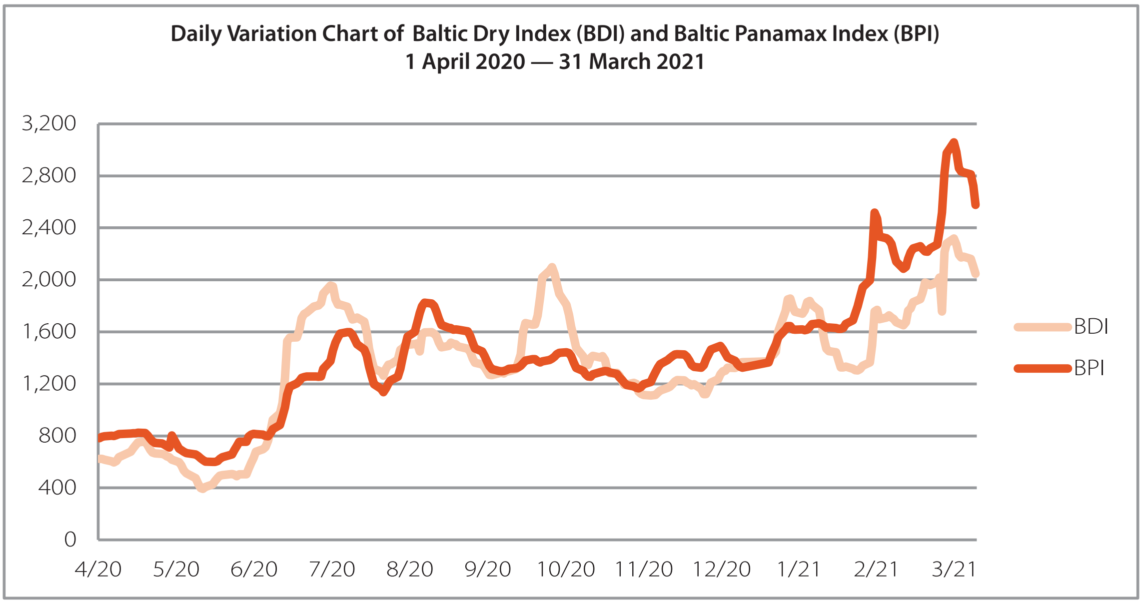
Given the market condition and operating environment, the Group will maintain its prudent operating strategies by enhancing the daily management of vessels, providing better transportation services to its customers, generating more operational income for the Group and strictly controlling its operating costs.

YAN Kim Po
Chairman

30 June 2021

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review



BDI high at 2,319 in March 2021, low at 393 in May 2020, average at 1,355.36.

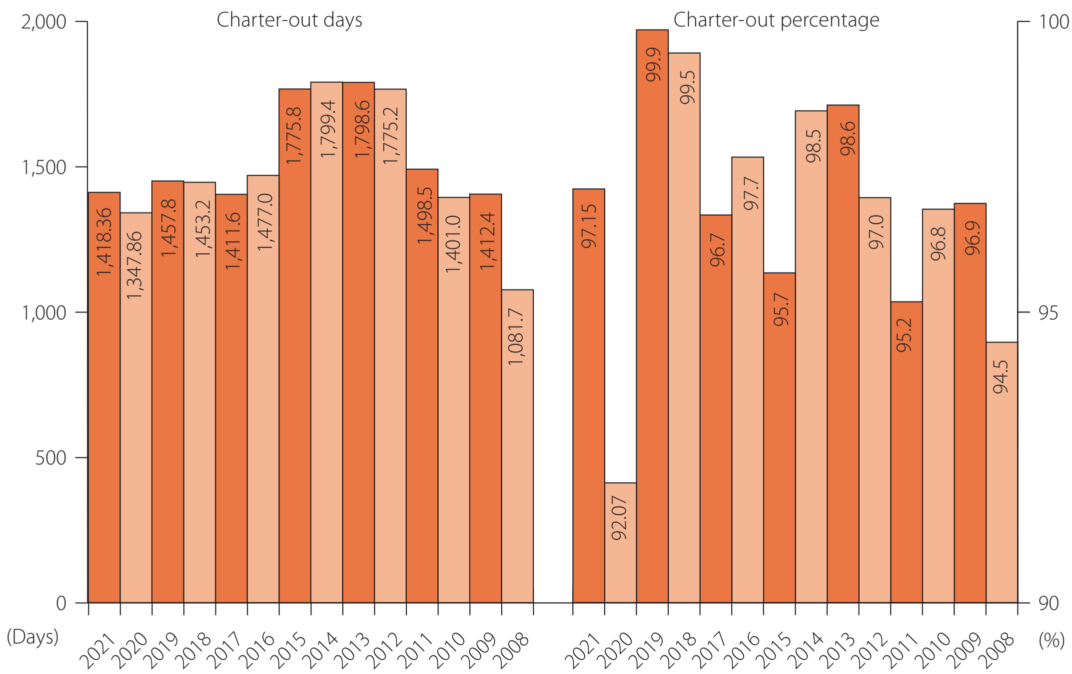
BPI high at 3,058 in March 2021, low at 599 in May 2020, average at 1,423.43.

Amid COVID-19 and the global economic downturn, the freight rate of the spot dry bulk market in 2020 showed irregular fluctuations, while international trade volume and shipping demand decreased and were subject to uncertainties. Given a low base for the previous year and in anticipation of the effective control of the pandemic following the implementation of vaccination programmes, all of the economic forecast reports expect a positive growth outlook with a growth projection for dry bulk shipping volume of 3% in 2021. In relation to the spot freight rates for bulk cargo this year, the unfavourable weather in Europe resulted in a rise in coal transport demand between late January and February, which in turn drove the spot freight rate of Panamax vessels up. The average daily charter rate of a Panamax vessel rocketed to the record level of US$27,520 per day in mid-March, and the spot freight rates of other types of vessels also soared due to various factors, causing the general spot freight rate of dry bulk shipping to reach a new high in recent years. Baltic Dry Index (BDI) climbed by approximately 70% from 1,374 points at the beginning of the year to 2,319 points in late March. Market players are raising concern about whether the spot freight rate will stay at a high level for a prolonged time. While the continued rise in China's iron ore imports in the first quarter of the year following last year's new high and the increase in bulk grain imports of approximately 43% offered strong support for the spot freight rate of bulk carriers, China's coal imports plunged by approximately 29% in the first quarter of the year. To lessen the increment in freight rates, goods owners and charterers attempted to reduce vessel charters when the spot freight rates started to hike, but the efforts were futile. Some of the goods owners have begun to employ vessels on time charter so as to lower the costs of vessel chartering and hedge against the escalation in spot freight rates.

Amid the significant volatility and the rising trend of spot freight rates of dry bulk shipping, trading transactions of used dry bulk carriers were very active from the end of last year to the first quarter of 2021 as transaction volumes more than doubled when compared with the corresponding period last year. More and more investors have sought to invest in dry bulk carriers, leading to a huge leap in the prices of used bulk carriers. The price of a 10-year-old used Panamax vessel jumped by approximately 37% from US$13.8 million at the end of last year to US$19.0 million in late March this year, and that of a 15-year-old vessel saw a surge of approximately 50%. The market sees it as the start of the adjustment period of vessel prices and is closely monitoring the room for future growth in the prices of used vessels.

Business Review

PERFORMANCE ANALYSIS OF THE GROUP'S FLEET



The Group's vessels were in sound operation from 1 April 2020 to 31 March 2021. Currently, the fleet has a size of 319,923 dwt and an average age of 15 years, and maintained a relatively high operational level with an average vessel charter-out percentage of approximately 97.15% for the year. In view of the impact of COVID-19 and the negative growth of the global economy, the average daily charter hire income of the vessels was approximately US$8,746 per day, which is broadly stable as compared to the income level of approximately US$8,566 per day for the corresponding period last year. 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 operational level during the year. Meanwhile, plans and arrangements for dock repair have been duly made to minimise repair time. In spite of the disastrous impact of COVID-19 this year, efforts have been made to keep the actual loss to a minimum. Except for the expenses for crew change due to COVID-19, all freight rate and charter hire were basically received in full with no receivables of significant amount. The Group was able to exert stringent control over costs and expenses in vessel management of its fleet and strove to minimise voyage expenses, thus the management expenses of vessels were also 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 freight market has been fluctuating significantly since the beginning of 2021. Driven by the increase in the demand for shipping coal for Europe, the freight rate of Panamax vessels surged and the spot freight rate of dry bulk carriers rose in general. While a positive global economic growth is anticipated, whether the dry bulk shipping market can maintain this high freight rate since the upturn at the beginning of the year is still subject to much uncertainties as the growth of international trade is slowing down. The market predicts that China's import of iron ore, soy bean, grain and other bulk commodities for the year will remain at a high level with positive growth, which may help maintain the spot freight rate. However, coal imports into China dropped by approximately 27.3 million tons, or around 29%, in the first quarter of 2021, making an impact on the freight rate of dry bulk carriers. Moreover, the import of coal may be further dampened by the implementation of policies and measures by China to control and reduce carbon emissions. As COVID-19 exerts a significant impact on the global economy, the spot dry bulk freight market is also heavily hit. In view of the current steady and good vaccination progress in the United States, some market players expect a higher economic growth rate in the States. This expectation demonstrates market optimism for the macro-economic development this summer. Nevertheless, stable economic growth will still depend on the effective control of COVID-19 in the northern hemisphere during the coming autumn and winter. If economic recovery continues as expected, it will be beneficial to the spot dry bulk freight rate. New vessels of the fleet of dry bulk carriers amounting to 3.5% of the existing fleet are expected to be delivered this year, while the demand for dry bulk shipping for the year is expected to grow by 4%. Therefore, the current equilibrium between supply and demand of dry bulk carriers will be maintained. However, driven by the surge in freight rate in the spot market, the building prices of new vessels and the prices of second-hand vessels are also rising at a relatively high rate. The high vessel prices may interact with the spot freight rate and help support the relatively high freight rates. The International Monetary Fund (IMF) has raised the global economic growth forecast for 2021 to 6% despite believing that there remains a lot of uncertainties. The Organisation for Economic Co-operation and Development (OECD) set its growth forecast for trade in goods this year at approximately 4%. It is foreseeable that such growth will be reflected in both international trade volume and shipping demand this year and provide staunch support to market freight rates.

According to statistics and forecasts from shipbroking companies, among major dry bulk commodities, the demand for shipping iron ore and coal will increase by 3% and 5%, respectively, this year, while the shipping demand for dry bulk commodities in general will rise by 4%. On the other hand, the assessment of demand for shipping by Panamax vessels depends on China's import of soy bean and grain. In the first quarter this year, China imported a total of 58.78 million tons of grain, representing an increase of approximately 17.82 million tons or around 43% as compared with that for the corresponding period last year. It is expected that the momentum of import will be sustained this year and will be beneficial to the spot freight rates of Panamax vessels and small vessels.

Given the fluctuation in the spot freight rate, 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 operational income for the Company. Meanwhile, the Group will strictly control its operating costs and curb all unnecessary expenses.

The chartering rate of dry bulk vessels has improved during the first half of 2021, whereby such chartering rate increased from US$14,013 in January 2021 to US$32,500 in June 2021. As such, on the assumption that the chartering rate of dry bulk vessels continues to increase or maintain at its current level, the Group expects that the revenue generated from the chartering of dry bulk vessels will increase for the year ending 31 March 2022. Accordingly, the enhancement of operation of chartering of dry bulk vessels is expected to improve the Company's cash flow from operations. Furthermore, the Group expects that there will be a decrease in capital expenditures for the year ending 31 March 2022 as only one vessel of the Group will be required to undergo repair and maintenance while two of the vessels of the Group underwent repair and maintenance for the year ended 31 March 2021. Also, the Group expects there will be a decrease in operating expenses as no substantial loss in bunker value will be incurred for the year ending 31 March 2022. The reduction in capital and operating expenditures for the year ending 31 March 2022 is expected to strengthen the Group's working capital and mitigate the potential negative impact of COVID-19 pandemic.

Since May 2016, Top Build has held, indirectly through its subsidiaries, 91% equity interest in a company in the PRC which holds 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 responds to COVID-19 with successful pandemic prevention, ensuring successful development and construction of its major engineering projects. There have been seven batches of major projects started collectively in Hainan, among which, 793 started, 393 contracted, with a total project investment of approximately RMB435.2 billion. Recently, 11 major projects such as Haikou Jiangdong New District, the Haikou Integrated Free Trade Zone, High-tech Industrial Parks and Ecological Software Parks have been opened for tendering. A number of Fortune Global 500 companies and leading companies in various industries such as China Shipping, China Merchants, Sinopec, China Railway, Alibaba, Tencent and Tesla have established their presence in Hainan and started substantial development and construction.

In 2020, the Hainan Provincial Government has 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 by auction.

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, after which 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.

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 annual 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 annual report, the proposed investment is still under feasibility study and negotiation.

Financial Review

Revenue

Under the negative impact of COVID-19 on the global economy, the Group's revenue remained stable at about US$12.2 million for the year ended 31 March 2020 and at about US$12.5 million for the year ended 31 March 2021. Though the spot freight rate of dry bulk shipping showed irregular fluctuations in the past year, it rebounded in first quarter of 2021 due to various factors like COVID-19 pandemic control and vaccination, rise in coal transport demand etc., and reached a peak in recent years. Such drastic climb in spot freight rate boosted the full year average daily charter hire income of the Group's vessels and recorded approximately US$8,746 for the year ended 31 March 2021 compared to that for the year ended 31 March 2020 of approximately US$8,566. On the other hand, during the year ended 31 March 2021, two of the Group's vessels had completed dry dock maintenance, whereas two vessels completed dry dock maintenance for the year ended of 31 March 2020 and one other vessel was undergoing dry dock maintenance at that year end. It implied the total available business days for the vessel fleet this year was more than that compared to last year and hence contributed the Group's revenue positively.

Cost of services

Cost of services of the Group increased from about US$10.4 million for the year ended 31 March 2020 to about US$11.3 million for the year ended 31 March 2021, representing an increase of approximately US$0.9 million. Oil price fluctuated vigorously in first half of 2020 and so as the fuel cost which resulted in the increase in bunker cost by about US$1.3 million. In order to minimise the effect of COVID-19 pandemic, the Group had imposed strict control on operating costs and was reflected in the refund of surplus in budgeted operating fund from ship manager which amounted to about US$0.2 million and aggregated reduction in other operating cost which amounted to about US$0.2 million.

Gross profit

The Group made every effort to stabilise revenue and reduce loss under the COVID-19 pandemic and the global economic downturn thereafter. However, the fluctuated fuel price which out of the control of the Group led to the gross profit decreased from about US$1.8 million for the year ended 31 March 2020 to about US$1.1 million for the year ended 31 March 2021, representing a decrease of approximately US$0.7 million, while the gross profit margin declined from approximately 14.7% for the year ended 31 March 2020 to approximately 9.2% for the year ended 31 March 2021.

General and administrative expenses

General and administrative expenses of the Group decreased from approximately US$2.6 million for the year ended 31 March 2020 to approximately US$2.3 million for the year ended 31 March 2021, representing a decrease of approximately US$0.3 million or approximately 9.6%. It was mainly due to the Group's rigorous cost control which resulted in cost reduction in legal and professional fees, rental expenses and staff costs.

Finance costs

Finance costs of the Group remained stable and amounted to approximately US$6.0 million for the year ended 31 March 2021 (for the year ended 31 March 2020: approximately US$5.9 million). The increase in interest expense of the Top Build Convertible Bonds and loan from the ultimate holding company were set off against the decrease in interest expenses of bank borrowings and loan from a financial institution.

Loss for the year

As disclosed in the inside information announcement of the Company dated 24 June 2021, the Group incurred a loss of approximately US$10.0 million for the year ended 31 March 2020 and a loss of approximately US$3.1 million for the year ended 31 March 2021, representing a decrease in loss of approximately US$6.9 million or 68.6% improvement. Such decrease in loss was mainly attributable to (1) the recovery of the operating environment of the global bulker shipping market. Due to the rise in dry bulk cargo market and the People's Republic of China's import of coal, the spot freight rate has increased. Revenue from spot freight after 30 September 2020 has increased accordingly; (2) the reversal of impairment loss after taking into account the rocketing freight rate and second hand vessel price rebound in 2021; (3) the fair value gain in investment properties; and (4) set-off of fuel cost fluctuation in the first half of 2020 which caused significant increase in bunker cost.

EBITDA

The Group's EBITDA has declined from US$6.7 million for the year ended 31 March 2020 to US$4.5 million for the year ended 31 March 2021 due to the drop in gross profit during the year.

Liquidity, financial resources, capital structure and gearing ratio

As at 31 March 2021, the Group's cash and cash equivalents amounted to approximately US$0.2 million (as at 31 March 2020: approximately US$0.3 million), of which approximately 87.5% were denominated in US$, approximately 11.8% were denominated in HK$ and approximately 0.7% were denominated in RMB. Outstanding bank borrowings amounted to approximately US$10.5 million (as at 31 March 2020: approximately US$12.9 million) and other loans (including convertible bonds) amounted of to approximately US$70.1 million (as at 31 March 2020: approximately US$62.5 million), of which 99.4% were denominated in US$ and 0.6% were denominated in HK$.

As at 31 March 2021 and 31 March 2020, 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 61.5% and 61.0% respectively. The increase in gearing ratio as at 31 March 2021 was mainly due to the amortisation cost of the Top Build Convertible Bonds and increase in loan from the ultimate holding company.

The Group recorded net current liabilities of about US$64.5 million as at 31 March 2021 and approximately US$13.1 million as at 31 March 2020. It was mainly due to the repayment of bank borrowings and loan from a financial institution which amounted to approximately US$4.5 million and the Top Build Convertible Bonds which amounted to approximately US$53.2 million and matured in May 2021, of which being classified as current liability as at 31 March 2021.

On 29 March 2019, Bryance Group Limited, a wholly-owned subsidiary of the Company, has entered into the New GH POWER Loan for the refinancing of the Group's bank borrowings of a vessel, namely GH POWER, under the Then GH POWER Loan. After the drawdown of the New GH POWER Loan, the Then GH POWER Loan was fully repaid. The principal amount of the New GH POWER Loan shall be repaid by 14 quarterly instalments commencing three months from the drawdown date. The New GH POWER Loan is also subject to compliance of certain restrictive financial undertakings for which the Group will continue to monitor.

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 the GH GLORY/HARMONY Loan for the refinancing of the Group's bank borrowings of two vessels, namely, GH GLORY and GH HARMONY, under the 2017 Loan. After the drawdown of the GH GLORY/HARMONY Loan, the 2017 Loan was fully repaid. 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 for which the Group will continue to monitor. A breach of such 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.

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 31 March 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 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 31 March 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 31 March 2021, the ultimate holding company confirmed its intention to extend the maturity of Third Facility and Fifth Facility of US$3,500,000 for 2 years upon its maturity on 31 March 2022. These loan facilities are unsecured and carry an interest of 4% per annum. As at the date of this annual report, the drawn amount under each of the 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 Listing Rules.

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

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

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

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

Convertible Bonds

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

As at 31 March 2021, the entire principal amount of the Top Build Convertible Bonds remained outstanding. The Top Build Convertible Bonds were classified as current liabilities as at 31 March 2021 with maturity date of less than 12 months.

As announced by the Company on 14 May 2021 and 24 June 2021, the Top Build Convertible Bonds matured on 10 May 2021. 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 pandemic, 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 annual report, USD52 million in the redemption amount of the Top Build Convertible Bonds remained outstanding. The Company and the bond holder intend to make further arrangements in relation to the redemption of the Top Build Convertible Bonds, negotiation on which is ongoing as of the date of this annual report. Please refer to the announcements of the Company dated 14 May 2021 and 24 June 2021 for further details. Based on the latest communication with the bond holder, in light of the above partial repayment under the current business and development of the Group, both the Group and the bond holder intended to extend the settlement date of the remaining principal amount of US$52 million by two installments, of which US$17 million and US$35 million shall become repayable within two months after the date of formal agreement of the settlement plan and no later than 31 December 2021, respectively. The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, which are set out in Note 2.1.1 to the consolidated financial statements.

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, while 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 borrowings 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 31 March 2021, the Group recorded outstanding bank borrowings and loan from a financial institution of about US13 million and all these borrowings and loans carried interest at floating rate.

The New 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 New 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 New GH POWER Loan);

- First preferred mortgages over the vessels held by the Group;
- Assignment of charter-hire earnings, insurances and requisition compensation 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 New 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 annual report, 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 31 March 2021, the Group had pledged the following assets to banks as securities against banking facilities granted to the Group:

	31 March 2021 US$'000	31 March 2020 US$'000
Property, plant and equipment	52,108	50,146
Pledged deposits	500	500
Pledged bank deposits	1,987	3,057
	54,595	53,703

Contingent liabilities

For the year ended 31 March 2021, the Inland Revenue Department of Hong Kong had completed the tax review of a subsidiary of the Group. Corresponding tax provision of approximately US$0.2 million had been made and fully paid with tax reserve certificate purchased in previous years.

Save as disclosed above, the Group had no other material contingent liabilities as at 31 March 2021.

Employees' remuneration and retirement scheme arrangements

As at 31 March 2021, the Group had a total of 97 employees (as at 31 March 2020: 102 employees). For the year ended 31 March 2021, the total salaries and related costs (including Directors' fees) amounted to approximately US$4.5 million (as at 31 March 2020: US$4.6 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.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The updated biographies of the Directors and senior management of the Company are set out as below:

Board of Directors

Executive Directors

Mr. YAN Kim Po (殷劍波), aged 59, is the chairman of the Board, an executive Director and the co-founder of the Group. Mr. Yan is the spouse of Ms. Lam. Mr. Yan is primarily responsible for the operation of the Board and is the key decision-maker of the Group. He is responsible for the Group's overall strategic planning and the management and development of the Group's businesses. Mr. Yan is also a director of certain subsidiaries of the Company. Mr. Yan is an experienced entrepreneur and has extensive experience in the marine transportation industry and in the investment, development, production, processing, operation and trading in the mining and steel industry. Mr. Yan was appointed as Justice of Peace and was granted a Doctor of Philosophy Honoris Causa from Lansbridge University, Canada. He was also honoured as World Outstanding Chinese in 2010. He is currently a director of Adex Mining Inc. (TSXV stock code: ADE), a company listed on the TSX Venture Exchange in Canada. He is a fellow of the Hong Kong Institute of Directors and the Life Honorary President of the Hong Kong Energy, Mining and Commodities Association. He is also active in social affairs and was appointed as the Honorary Chairman of Hong Kong Association of Youth Development, the Honorary President of Sha Tin District Junior Police Call, the Honorary President of the Fire Safety Ambassador Club and Shatin Sports Association. Mr. Yan is currently a director of Ablaze Rich, which has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' and Chief Executive interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Ms. LAM Kwan (林群), aged 53, is the chief executive officer of the Company, an executive Director and the co-founder of the Group. Ms. Lam is the spouse of Mr. Yan. Ms. Lam is primarily responsible for the Group's day-to-day management and overall business operations as well as its finance and administrative management. She is also a director of each of the subsidiaries of the Company. Ms. Lam has extensive experience in the marine transportation industry. Ms. Lam is currently a director of Adex Mining Inc. (TSXV stock code: ADE), a company listed on the TSX Venture Exchange in Canada and a 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. She is also a vice-chairman of Pok Oi Hospital, an honorary director of Hong Kong Baptist University Foundation, a director of the Hong Kong Energy, Mining and Commodities Association and a fellow of the Hong Kong Institute of Directors. She graduated from Dongbei University of Finance & Economics in 1990 with a bachelor's degree in English for Finance in the Department of Foreign Language for Finance. Ms. Lam is currently a director of Ablaze Rich, which along with Ms. Lam herself has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' and Chief Executive interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Mr. CAO Jiancheng (曹建成), aged 64, has been serving as an executive Director of the Company since June 2010. Mr. Cao is responsible for the operational management of the Group's shipping business. Mr. Cao has more than 38 years of experience in the marine transportation industry. Mr. Cao has been a captain of ocean-going cargo ships since around 1982. Before joining the Group, he had worked for 廣州海順船務有限公司 (Guangzhou Hai Shun Shipping Corporation) as a captain from 1985 to 1989. Mr. Cao also worked for Hong Kong Ming Wah Shipping Company Limited as an operator, chartering member, deputy manager, manager and vice-president from 1989 to 2000. He had also held management position as a manager at Valles Steamship Company, Limited from 2001 to 2002. Mr. Cao completed the training course for international shipping professional education and obtained a certificate of completion from 上海海運學院 (Shanghai Maritime Institute) in December 1991 through long distance learning, and graduated from Murdoch University with a Master degree of Business Administration in March 1999. Mr. Cao had also been a captain as recognised by the Maritime Affairs Inspection Bureau of the PRC, the Directorate General of Consular and Maritime Affairs of The Republic of Panama and the Bureau of Maritime Affairs of the Ministry of Transport of The Republic of Liberia. Mr. Cao has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' and Chief Executive interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Independent non-executive Directors

Mr. CHEUNG Kwan Hung (張鈞鴻), aged 69, has been serving as an independent non-executive Director of the Company since September 2010. Mr. Cheung graduated from Hong Kong Polytechnic with a Higher Diploma in Accountancy in 1978 and is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Cheung has extensive experience in accounting, finance, corporate management and investment banking, specialising in equity/debt fund raising, mergers and acquisitions and corporate and debt restructuring, as well as private financial consultancy work. Mr. Cheung is currently also an independent non-executive director of a company listed on the Main Board of the Stock Exchange, namely NewOcean Energy Holdings Limited (stock code: 342). Mr. Cheung was an independent non-executive director of Zhuoxin International Holdings Limited (stock code: 8266), a company listed on the GEM of the Stock Exchange, from October 2018 to January 2020. Mr. Cheung has also been appointed as independent non-executive director of Long Well International Holdings Limited (stock code: 850), a company previously listed on the Main Board of the Stock Exchange, from September 2004 to May 2021. Mr. Cheung has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' and Chief Executive interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Dr. CHAN Chung Bun, Bunny (陳振彬), *GBS, JP*, aged 63, has been serving as an independent non-executive Director of the Company since September 2010. Dr. Chan has extensive experience in commerce and is currently the chairman of Prospectful Holdings Limited. Dr. Chan is active in community affairs in Hong Kong. Dr. Chan was appointed as Justice of Peace in 2002 and was awarded the Bronze Bauhinia Star medal in 2004, the Silver Bauhinia Star medal in 2009 and the Gold Bauhinia Star medal in 2014 by the government of Hong Kong. Dr. Chan was conferred Doctor of Business Administration, honoris causa, in December 2013 by the Open University of Hong Kong. Dr. Chan is currently also an independent non-executive director of four other companies listed on the Main Board of the Stock Exchange, namely Li Ning Company Limited (stock code: 2331), Speedy Global Holdings Limited (stock code: 540), Glorious Sun Enterprises Limited (stock code: 393) and MTR Corporation Limited (stock code: 66). Dr. Chan has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' and Chief Executive interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Mr. WAI Kwok Hung (韋國洪), aged 66, has been serving as an independent non-executive Director of the Company since September 2010. Mr. Wai was appointed as Justice of Peace in July 2002 and was awarded the Silver Bauhinia Star medal in 2008 by the government of Hong Kong. Mr. Wai has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' and Chief Executive interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Senior management

Mr. SUNG Lik Man (宋力文), aged 49, the vice general manager of the Group. Mr. Sung is responsible for the operational management of the Group's shipping business. He obtained his bachelor's degree in Maritime Management from Dalian Maritime University (大連海事大學) in July 1995. Mr. Sung has extensive experience in the marine transportation industry and he joined the Group in June 2010 as the vice general manager of Union Apex. Before joining Union Apex, Mr. Sung was the chartering manager of Million Miles Shipping (Hong Kong) Limited from March 2003 to June 2010. Before joining Million Miles Shipping (Hong Kong) Limited, Mr. Sung also worked for COSCO (Hong Kong) Shipping Co., Limited., a subsidiary of China COSCO Holdings Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1919), from February 2000 to February 2003.

Mr. WONG Kwok Keung (黃國強), aged 46, has been the chief financial officer and company secretary of the Company since 31 January 2019. Mr. Wong is responsible for the corporate finance, investor relations, financial management and company secretarial matters of the Company. Mr. Wong obtained a master's degree of Science in Finance Analysis from Hong Kong University of Science and Technology in 2010 and a master's degree of Corporate Governance from The Hong Kong Polytechnic University in 2014. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also an associate member of Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and administrators. Mr. Wong has over 23 years of working experience in several listed companies in Hong Kong and well-known organisations across jewellery trading, property leasing and development, garment and electronics manufacturing in the Greater China and Asia Pacific regions. Prior to joining the Company, he served as the senior management of several listed companies in Hong Kong and worked for a global audit and consulting firm for over 15 years. He has been appointed as a director of Adex Mining Inc (TSXV stock code: ADE)., a company listed on TSX Venture Exchange in Canada since October 2017.

CORPORATE GOVERNANCE REPORT

The Board and the management of the Company are committed to a high standard of corporate governance. The Company considers that such commitment is essential for effective management, healthy corporate culture, successful business growth, balance of business risk and enhancement of Shareholders' value.

The CG Code

The Company has adopted the principles and code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules as the Company's code on corporate governance practices. Throughout the year ended 31 March 2021 and up to the date of this annual report, the Company had been in compliance with the code provisions set out in the CG Code.

The Board

The Board assumes responsibility for leadership and control of the Company, and is responsible and has general powers for management and conduct of the business of the Company. The Directors, individually and collectively, are committed to acting in good faith in the best interests of the Company and its shareholders. To assist in the discharge of their duties, the Directors have free and direct access to both the Company's external auditors and procedures are in place to allow the Directors to obtain independent professional advice at the Company's expense.

Board composition

As at the date of this annual report, the Board is composed of three executive Directors and three independent non-executive Directors:

Executive Directors

Mr. YAN Kim Po (殷劍波) *(Chairman)*
Ms. LAM Kwan (林群) *(Chief Executive Officer)*
Mr. CAO Jiancheng (曹建成)

Independent non-executive Directors

Mr. CHEUNG Kwan Hung (張鈞鴻)
Dr. CHAN Chung Bun, Bunny (陳振彬)
Mr. WAI Kwok Hung (韋國洪)

The biographies of the Directors are set out under the section headed "Board of Directors and Senior Management" of this annual report.

Save for the spousal relationship between Mr. Yan and Ms. Lam, both being executive Directors, there is no other family relationship between any of the Directors, nor is there any financial, business or other material or relevant relationships among the members of the Board.

Roles and responsibilities of the Board

The position of the Chairman and Chief Executive Officer are held by two different persons in order to maintain an effective segregation of duties and a balanced judgment of views.

Mr. Yan is the Chairman of the Company. The Chairman provides leadership and is responsible for effective functioning of the Board in accordance with good corporate governance practice. With the support of the senior management, the Chairman is also responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings, and that all key and appropriate issues are discussed by the Board in a timely manner.

Ms. Lam is the Chief Executive Officer of the Company. The Chief Executive Officer is responsible for managing the Group's business, including the development and implementation of major strategies and initiatives adopted by the Board with the support from other executive Directors and senior management, and within those authorities delegated by the Board.

The experience and views of our independent non-executive Directors are held in high regard and contribute to the effective direction of the Group.

The Board has reserved for its decision or consideration matters covering mainly the Group's overall strategy, investment plans, annual and interim results, recommendations on Directors' appointment or reappointment, material contracts and transactions as well as other significant policies and financial matters. The Board has delegated the day-to-day responsibility to the senior management under the supervision of the Board.

Appointment and election of Directors

The Board is empowered under the Articles to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. The Board has delegated to the Nomination Committee the duty to identify and recommend individuals suitably qualified to become Board members when necessary. The Nomination Committee is also responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and to assess the independence of the independent non-executive Directors, having regard to the requirements under the Listing Rules.

Each of the executive Directors has entered into a service contract with the Company for a term of three years. Also, each of the independent non-executive Directors has entered into a letter of appointment for a term of three years. Each of the Directors is subject to retirement by rotation in accordance with the Articles. According to article 84 of the Articles, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at the annual general meeting at least once every three years.

In accordance with the Article 84 of the Articles, Mr. Cao Jiancheng and Ms. Lam Kwan will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

The Company's circular containing, among others, detailed information of the Directors standing for re-election at the forthcoming annual general meeting of the Company will be dispatched to the Shareholders in due course.

Board Diversity Policy

The Board has adopted a board diversity policy since August 2013. The policy sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board. The Company considered that diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

Based on the business needs of the Group, the Nomination Committee has recommended and the Board has adopted the following measurable objectives:

(i) a prescribed proportion of Board members shall be non-executive Directors or independent non-executive Directors;

(ii) a prescribed proportion of Board members shall have obtained accounting or other professional qualifications; and

(iii) a prescribed proportion of Board members shall have more than seven years of experience in the industry he is specialised in.

The Nomination Committee shall monitor the implementation of the board diversity policy and review the progress of its measurable objectives from time to time. Based on its review, the Nomination Committee considers that the current Board is well-balanced and of a diverse mix appropriate for the business development of the Company.

Director Nomination Policy

The Company has adopted a director nomination policy (the "Director Nomination Policy") since December 2018 which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- character and integrity;
- qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational, background, ethnicity, professional experience, skills, knowledge and length of service;

- requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and

- commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Director Nomination Policy also sets out the procedures and process for the selection and appointment of new Directors and re-election of Directors at general meetings. During the year ended 31 March 2021, the Nomination Committee adhered to the following nomination procedures and the process set out in the Director Nomination Policy to select and recommend candidates for directorship:

(a) Appointment of new Director

i. Upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, the Nomination Committee should, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

ii. If the process yields one or more desirable candidates, the Nomination Committee should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

iii. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

iv. For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of Director at the general meeting.

(b) Re-election of Director at General Meeting

i. The Nomination Committee should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance on the Board.

ii. The Nomination Committee should also review and determine whether the retiring Director continues to meet the criteria as set out above.

iii. The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of Director at the general meeting.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Independent non-executive Directors

In compliance with Rule 3.10(1) of the Listing Rules, there are three independent non-executive Directors on the Board. Among the three independent non-executive Directors, Mr. CHEUNG Kwan Hung has appropriate professional qualification in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules. The Company has received from each of its independent non-executive Directors the written confirmation of his independence with reference to Rule 3.13 of the Listing Rules. The Company, based on such confirmation, considers all three independent non-executive Directors, namely Mr. CHEUNG Kwan Hung, Dr. CHAN Chung Bun, Bunny and Mr. WAI Kwok Hung to be independent.

Induction, development and training of Directors

Every Board member has received a director's handbook upon joining the Group, which lays down the guidelines on conduct for the Board and Board committee members and other key governance issues, including but not limited to Board procedures and all applicable laws, rules and regulations that they are required to observe during their service in the Board. The director's handbook will be updated from time to time as and when appropriate.

A formal and tailored induction programme will be arranged for each new Director, which includes a briefing on the Group's structure, businesses and governance practices by the senior management. To seek continuous improvement, the Directors are encouraged to attend relevant training sessions, particularly on corporate ethics and integrity matters, risk management, and relevant new laws and regulations, from time to time.

To ensure the Directors' contribution to the Board remains informed and relevant and in compliance with code provision A.6.5 of the CG Code, the Company shall arrange and fund suitable training for Directors to develop and refresh their knowledge and skills. During the year under review, the Directors participated in the kinds of training as follows:

Name of Director	Kind of Training
Executive Directors	
Mr. Yan	A, B
Ms. Lam	A, B
Mr. CAO Jiancheng	A, B
Independent non-executive Directors	
Mr. CHEUNG Kwan Hung	A, B
Dr. CHAN Chung Bun, Bunny	A, B
Mr. WAI Kwok Hung	A, B

A: Reading materials on legal and regulatory updates

B: Attending seminar, training and/or conference relevant to the Group's business or Directors' duties

Corporate governance functions

The Board is responsible for performing the corporate governance duties and has adopted a written guideline on corporate governance functions in compliance with the CG code.

The duties of the Board in respect of corporate governance functions are summarised as follows:

(i) to develop and review the Company's policies and practices on corporate governance;

(ii) to review and monitor the training and continuous professional development of Directors and senior management;

(iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(v) to review the Company's compliance with the code provisions as set out in the CG Code and its disclosure requirements in the Corporate Governance Report.

During the year ended 31 March 2021, the Board reviewed and monitored the training of the Directors, and the Company's policies and practices on compliance with legal and regulatory requirements.

Board committees

The Board has established the following Board committees with defined terms of reference, which are on no less exacting terms than those set out in the CG Code:

- Audit Committee
- Nomination Committee
- Remuneration Committee

Each committee has authority to engage outside consultants or experts as it considers necessary to discharge the committee's responsibilities. The Board and each Director also have separate and independent access to the management whenever necessary. The company secretary of the Company is responsible to take and keep minutes of all Board and Board committee meetings. Minutes of all Board and Board committee meetings are circulated to all Board members. The Board committees' member list is set out in the section headed "Corporate Information" of this annual report.

Audit Committee

The Audit Committee was established to review the Group's financial and other reporting, risk management, internal control systems, external and internal audits and such other matters as the Board determines and as required by the Listing Rules as amended from time to time. The Audit Committee shall assist the Board in fulfilling its responsibilities by providing independent review and supervision of financial reporting, and by satisfying themselves as to the effectiveness of the risk management and internal control systems of the Group. The written terms of reference of the Audit Committee were adopted by the Board on 13 September 2010 and revised on 30 March 2016 and 31 December 2018 and have been posted on the websites of the Stock Exchange and the Company.

The Audit Committee currently consists of three independent non-executive Directors, namely Mr. CHEUNG Kwan Hung, Dr. CHAN Chung Bun, Bunny and Mr. WAI Kwok Hung. Mr. CHEUNG Kwan Hung is the chairman of the Audit Committee. Meetings of the Audit Committee shall be held at least two times a year.

The Audit Committee held two meetings during the year ended 31 March 2021 to review, with the management and the Company's external auditors, the financial results and reports, financial reporting (including cash flow forecast), the Group's significant internal control and financial matters as set out in the Audit Committee's written terms of reference and make relevant recommendations to the Board. The Company's annual results for the year ended 31 March 2021 have been reviewed by the Audit Committee.

Nomination Committee

The Nomination Committee was established to recommend to the Board on the appointment of Directors, evaluate the structure, size, composition and diversity (including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board at least annually, agree on measurable objectives for achieving diversity on the Board, assess the independence of the independent non-executive Directors and the management of board succession, having regard to the requirements under the Listing Rules. The written terms of reference of the Nomination Committee were adopted by the Board on 13 September 2010 and revised on 30 August 2013 and have been posted on the websites of the Stock Exchange and the Company.

The Nomination Committee has adopted written nomination procedures for selection of candidates for directorship of the Company. The Nomination Committee shall, based on criteria such as skills, experience, professional knowledge, personal integrity and time commitments of such individuals, the Company's needs and other relevant statutory requirements and regulations, identify and recommend the proposed candidate to the Board for approval of appointment. Please refer to the section headed "Director Nomination Policy" above for further details.

The Nomination Committee consists of an executive Director and two independent non-executive Directors, namely Mr. Yan, Dr. CHAN Chung Bun, Bunny and Mr. WAI Kwok Hung. Mr. Yan is the chairman of the Nomination Committee. Meetings of the Nomination Committee shall be held at least once a year and as and when required or as requested by the responsible Director or the Chairman.

The Nomination Committee held one meeting during the year ended 31 March 2021 to review the structure, size and composition of the Board, the independence of the independent non-executive Directors and the measurable objectives of the board diversity policy and to consider the qualifications of the retiring Directors standing for election at the annual general meeting of the Company.

Remuneration Committee

The Remuneration Committee was established to recommend to the Board from time to time on the Company's remuneration policy and structure for all remuneration of the Directors and the senior management of the Company, and to ensure that the Directors and the senior management of the Company are fairly rewarded in light of their contribution to the Company and their performance and that they receive appropriate incentives to maintain high standards of performance and to improve their performance and the Company's performance. The written terms of reference of the Remuneration Committee were adopted by the Board on 13 September 2010 and revised on 29 March 2012 and have been posted on the websites of the Stock Exchange and the Company.

The Remuneration Committee consists of an executive Director and two independent non-executive Directors, namely Mr. Yan, Mr. CHEUNG Kwan Hung and Dr. CHAN Chung Bun, Bunny. Dr. CHAN Chung Bun, Bunny is the chairman of the Remuneration Committee. Meetings of the Remuneration Committee shall be held not less than once a year.

The Remuneration Committee held one meeting during the year ended 31 March 2021 to review and make recommendation to the Board on the remuneration policy and structure of the Company, the remuneration packages of the Directors and senior management and other related matters.

Pursuant to code provision B.1.5 of the CG Code, the annual remuneration of the members of the senior management by band for the year ended 31 March 2021 is set out below:

Remuneration band (HK$)	Number of individuals
500,000–1,000,000	1
1,000,001–1,500,000	1

Remuneration of Directors

The remuneration of the Directors is determined by the Remuneration Committee with reference to the duties, responsibilities, performance of the Directors and the results of the Group.

Board and Board committee meetings

The Board aims to meet in person or by means of electronic communication as appropriate. With respect to regular meetings of the Board and the Board committees, the Directors usually receive at least 14 days prior written notice of the meeting. Meeting agenda with relevant supporting documents are sent to all Directors before each Board meeting or Board committee meeting.

Senior management is invited to join all Board meetings to enhance communication between the Board and management.

The individual attendance record of each Director at the meetings of the Board and the Board committees during the year ended 31 March 2021 is set out below.

Name of Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting
Mr. Yan	8/8	—	1/1	1/1
Ms. Lam	7/8 *(note 1)*	—	—	—
Mr. CAO Jiancheng	7/8 *(note 1)*	—	—	—
Mr. CHEUNG Kwan Hung	8/8	2/2	1/1	—
Dr. CHAN Chung Bun, Bunny	8/8	2/2	1/1	1/1
Mr. WAI Kwok Hung	8/8	2/2	—	1/1

Note:

1. During the year ended 31 March 2021, one meeting was held between the Chairman and independent non-executive Directors without the executive Directors present in compliance with the code provision A2.7 of the CG Code.

Auditor's remuneration

During the year ended 31 March 2021, the remuneration payable/paid to PricewaterhouseCoopers, the external auditor of the Company, is set out as follows:

Services rendered	Year ended 31 March 2021 US$'000
Audit services	200
Tax services	26

The Model Code

The Company has adopted the Model Code as set out 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 for the year ended 31 March 2021 and up to the date of this annual report.

Company secretary

Mr. Wong Kwok Keung has been appointed as the company secretary with effect from 31 January 2019. Mr. Wong is also the chief financial officer of the Company, a certified public accountant of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, and is also an associate member of Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and administrators. Mr. Wong has complied with rule 3.29 of the Listing Rules for taking not less than 15 hours of relevant professional training during the year.

Risk management and internal control

The Group recognised that risks are inherent in the business and markets in which we operate. The challenge is to identify and manage these risks so that they can be understood, minimised, avoided or transferred. This demands a proactive approach to risk management and an effective group-wide risk management framework.

The Board acknowledges that it is responsible for the risk management and internal control systems of the Group on an ongoing basis and reviewing their effectiveness at least annually. Risk management is effected by our people at every level within the Group. We integrate the risk management into our business processes including strategy development, business planning, capital allocation, investment decisions, internal control and day-to-day operations.

During the year ended 31 March 2021, the Board, through the Audit Committee, conducted a review of the effectiveness of the risk management and internal control systems of the Group, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions. The Group considers the review of the internal control systems are effective and adequate. Our systems are designed to manage the risk of failure to achieve corporate objectives and aim to provide reasonable assurance against material misstatement, loss or fraud. The Board delegates to the management to design, implement and conduct ongoing assessment on the Group's our internal control systems, while the Board through its Audit Committee oversees and reviews the effectiveness of the risk management and internal control systems of the Group. Qualified professionals within the business maintain and monitor these systems of control on an ongoing basis.

Described below are the main characteristics of our risk management and internal control framework.

Control Environment

The scope of internal control relates to three major areas:

— effectiveness and efficiency of operations;

— reliability of financial reporting; and

— compliance with Listing Rules and other applicable laws and regulations.

The Group operates within an established control environment, which is consistent with the principles outlined in Internal Control and Risk Management — A Basic Framework issued by the Hong Kong Institute of Certified Public Accountants.

Risk Governance Structure

Our governance structure facilitates risk identification and escalation whilst providing assurance to the Board. We assign clear roles and responsibilities and facilitate the implementation of policies and guidelines. Our governance structure consists of three layers of roles and responsibilities to manage risk and internal control as below:

Role	Accountability	Responsibilities
Oversight	Audit Committee of the Board	— Oversees of material risks, corporate governance, financial reporting, risk management and internal control systems
Risk reporting and communication	Chief Financial Officer (the "CFO") and supporting team	— communicate and assess the Group's risk profile and material risks — identify areas for improvement of risk management and internal control systems — track progress of mitigation plans and activities of material risks and report to the Board
Risk and control ownership	Business Units, Support Functions and Individuals	— Day-to-day monitoring and execution of internal control systems — Reporting to the CFO according to our risk management framework

Our Risk Management Process

Our risk management process is embedded in our strategy development, business planning, capital allocation, investment decisions, internal controls and day-to-day operations. This includes risk identification, exposure evaluation, risk level, control gaps and priorities evaluation, control development and execution and mitigation planning. There is also a continual process with periodic monitoring, review and reporting in place.

Quarterly risk review process at group level	— Our business units are required to report quarterly their material risks identification through their risk management process to the CFO. — The CFO reviews the risks identification reports, scrutinizes the material risks and ensures the controls and mitigation measures are in place or in progress. — For material and having a longer term effect's emerging risks, the CEO will discuss with the directors for the monitoring measures and mitigation plans.
Risk review process for investment decisions	— All new investments must be reviewed on the risk of the investment by the CFO. The CFO and his supporting team will provide suggestions to the Board regarding to the risks of the new investment, and any actions that can be done to control and mitigate the risks.

Risk management integrated with internal control systems	—	Risk Management is closely linked to the Group's internal control framework. Key controls are subject to testing in order to assess their effectiveness.
Risk Management in the business planning process	—	Our business units are required to identify all material risks that may impact their achievement of business objectives. The business units are also required to develop plans to mitigate the identified risks and for implementation and budget purpose. Our material risks are set our below.

Risk Management Monitoring

The CFO and his supporting team regularly monitor and update the Group's risk profile and exposure and review the effectiveness of the internal control systems in mitigating risks.

Inside Information

The Group regulates the handling and dissemination of inside information as set out in the Group's corporate governance policy and various subsidiary procedures to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

Internal and External Audit Function

Internal Audit Function

The internal audit function is carried out by the internal audit team. Under the supervision of the Audit Committee, it independently reviews compliance with Group's policies and guidelines, legal and regulatory requirements, risk management and internal control systems and evaluates their adequacy and effectiveness.

The internal audit team reports all major findings and recommendations to the Audit Committee on a regular basis. The internal audit plan is linked to the Group's day-to-day operation and is reviewed and endorsed by the Audit Committee.

The principal tasks of the internal audit team include:

— Preparation of an internal audit plan using a risk-based assessment methodology that covers the Group's all operations

— Review of all operations, controls and compliance with the Group's policies, procedures, rules and regulations. The audit scope covers significant controls including financial, operational and compliance controls, and risk management policies and procedures

— Review of special areas of concerns or risks as raised by the Audit Committee and senior management

Major audit findings and recommendations from the internal audit team, and management's response to these findings and recommendations, are presented to the Audit Committee. The implementation of all recommendations is followed up on an annual basis and the status is reported to the Audit Committee at its meetings.

External Audit Function

The Group's external auditor, PricewaterhouseCoopers, performs independent statutory audits of the Group's financial statements. To facilitate the audit, the external auditor attended all meetings of the Audit Committee. PricewaterhouseCoopers noted that there is no significant internal control weaknesses in its audit for 2021.

Management function

The management team of the Company meets regularly to review and discuss with the executive Directors on day-to-day operational issues, financial and operating performance as well as to monitor and ensure that the management is carrying out the directions and strategies set by the Board properly.

Responsibilities in respect of the consolidated financial statements

The Board is responsible for presenting a balanced, clear and comprehensible assessment of the Group's annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. To discharge this responsibility, the Board regularly reviews the reports prepared by the management on the Group's financial and operational performance as well as the development of major initiatives.

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2021.

The statement of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" on page 82.

The Group recorded a net loss attributable to owners of the Company of US$3,258,000 for the year ended 31 March 2021, and as at 31 March 2021, the Group's current liabilities exceeded its current assets by US$64,524,000, which included borrowings and loans of US$7,008,000 repayable within one year and convertible bonds of US$53,154,000 that would mature in May 2021, while the Group's cash and cash equivalents balance was US$218,000.

Subsequent to 31 March 2021, the Group was in default under the terms and conditions of the relevant agreement of the convertible bonds for an aggregate principal amount of US$54,000,000 that were not settled in full on the maturity date of 10 May 2021.

This event of default also resulted in cross-default of (i) a loan from a financial institution with an amount of US$990,000 with original contractual repayment date of within one year and amount of US$1,522,000 with original contractual repayment dates after one year from 31 March 2021; (ii) loan from a financial institution with a total principal amount of US$14,750,000 obtained subsequent to 31 March 2021 with a principal amount of US$2,610,000 with an original contractual repayment date of within one year and principal amount of US$12,140,000 with original contractual repayment dates after one year from 31 March 2021; and (iii) loans from the ultimate holding company of US$3,767,000 with original contractual repayment dates of within one year and US$10,662,000 with original contractual repayment dates after one year from 31 March 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 conditions, together with other matters described in note 2.1.1 to the consolidated financial statements, indicate the existence of multiple uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

The Directors have been undertaking a number of measures to improve the Group's liquidity and financial position, which are set out in Note 2.1.1 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) whether the bond holder will agree to extend the settlement date of the remaining principal amount; and that 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 in accordance with the settlement plan; (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$19,500,000 to the Group under the deed of funding undertakings as and when needed; 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 which will be beyond 31 March 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 pandemic and generate sufficient operating cash inflow; and (v) whether the Group can obtain additional sources of financing or bank borrowings, as and when needed. As a result of these multiple uncertainties, the potential interaction of these uncertainties, and the possible cumulative effect thereof, the auditor of the Company was unable to form an opinion as to whether the going concern basis of preparation is appropriate.

Should the Group be unable to achieve the abovementioned plans and measures, 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 consolidated financial statements.

Accordingly, the auditor of the Company made disclaimer of audit opinion for the year ended 31 March 2021. Please refer to the section headed "Audit Committee Report" in this annual report and Note 2.1.1 to the consolidated financial statements for further details.

The Directors acknowledge their responsibilities for preparing the financial statements of the Company on the going concern basis.

Shareholders' communication and rights

A Shareholder's communication policy was established by the Company to promote effective communication with the Shareholders and encourage effective participation by the Shareholders at general meetings of the Company.

During the year ended 31 March 2021, one general meeting of the Company was held, i.e. the annual general meeting of the Company held on 26 August 2020, and the attendance of each Director at the annual general meeting of the Company is set out as follows:

Name of Directors	General meeting of the Company
Mr. Yan	1/1
Ms. Lam	1/1
Mr. CAO Jiancheng	1/1
Mr. CHEUNG Kwan Hung	1/1
Dr. CHAN Chung Bun, Bunny	1/1
Mr. WAI Kwok Hung	1/1

The rights of Shareholders are contained in the Articles. A resolution put to the vote of a general meeting of the Company shall be decided by way of a poll. Poll results are published on the websites of the Stock Exchange and the Company within specified time following the meeting in accordance with the Listing Rules.

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. Any enquiries by Shareholders requiring the Board's attention can be sent in writing to the company secretary at the Company's principal place of business in Hong Kong. Shareholders are also welcome to discuss matters of business substance with the Board and the management and to give the Company valuable advice on both operational and governance matters.

The external auditor of the Company will be invited to attend the forthcoming annual general meeting of the Company to answer any questions from the Shareholders on the audit of the Company.

In accordance with article 58 of the Articles, any one or more members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

If a Shareholder wishes to make proposals at a shareholders' meeting, the requisition must state the purpose of the meeting, and must be signed by the requisitionist(s) and deposited at the Company's principal place of business in Hong Kong attention to the company secretary of the Company. In compliance with Rule 13.51D of the Listing Rules, the Company has also published the procedures for Shareholders to propose a person for election as a Director on the Company's website.

Investor relations

The Company maintains a website at www.greatharvestmg.com where information and updates on the list of Directors and their roles and functions, constitutional documents, terms of reference of the Board committees, procedure for Shareholders to propose candidate(s) for election as Directors, and other corporate communications of the Company are posted. Information on the Company's website will be updated from time to time.

There was no change to the Company's constitutional documents during the year ended 31 March 2021.

AUDIT COMMITTEE REPORT

For the year ended 31 March 2021, the Audit Committee's review covered the audit plans and findings of the external auditor and internal control team, external auditor's independence and performance, the Group's accounting principles and practices, Listing Rules and statutory compliance, connected transactions, internal control systems, risk management, treasury, financial reporting matters (including the interim and annual reports for the Board's approval) and the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function as well as their training programmes and budget.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed financial reporting matters including a review of the audited consolidated financial information for the year ended 31 March 2021. In carrying out this review, the Audit Committee has relied on the audit conducted by the Group's external auditor in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Based on this review and discussions with the management, the Audit Committee is satisfied that the consolidated financial statements have been prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the year ended 31 March 2021. The Audit Committee therefore recommended the consolidated financial statements for the year ended 31 March 2021 to be approved by the Board.

The Audit Committee has also reviewed the internal control systems to ensure compliance with relevant legislations and regulations. An internal audit review has been conducted which covered the Group's internal control systems, risk management, adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function as well as their training programmes and budget.

The consolidated financial statements of the Company for the year ended 31 March 2021 have been audited by PricewaterhouseCoopers.

The Audit Committee's view and the plan to address the disclaimer of audit opinion

The fundamental reasons for the disclaimer of audit opinion (the "Disclaimer") made by the auditor of the Company for the year ended 31 March 2021 are set out in the section headed "Corporate Governance Report — Responsibilities in respect of the consolidated financial statements" and Note 2.1.1 to the consolidated financial statements in this annual report. Despite the fact that the Directors have undertaken a number of measures to improve the Group's liquidity and financial position, which are set out in Note 2.1.1 to the consolidated financial statements, significant uncertainties exist as to whether the management of the Group is able to achieve such measures, which are also set out in such note to the consolidated financial statements. These conditions, together with other matters described in Note 2.1.1 to the consolidated financial statements, indicate the existence of a multiple uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the auditor of the Company was unable to form an audit opinion on the consolidated financial statements. Please refer to Note 2.1.1 to the consolidated financial statements for further details.

AUDIT COMMITTEE REPORT

The Audit Committee has reviewed the Disclaimer for the year ended 31 March 2021 and has well noted the basis thereof. The Audit Committee has also reviewed and agreed with the Board's position as set out above. The management of the Company (the "Management") has reviewed the impact of the Disclaimer on the Group and considers that it does not have significant impact on the Group's operation subject to the successful implementation of the proposed action plans set out in Note 2.1.1 to the consolidated financial statements by the Group. The Management has also discussed the proposed action plans to mitigate the uncertainty about the Group's ability to continue as a going concern with the auditor of the Company during the audit. The Management considers that these plans, if successfully implemented, will mitigate the uncertainty about the Group's ability to continue as a going concern. However, as at the date of this annual report, as whether these plans can be implemented successfully are subject to multiple uncertainties and because of the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements, the auditor of the Company were not able to express an opinion the consolidated financial statements of the Group. Nevertheless, the auditor of the Company have not disagreed that these proposed action plans, if successfully implemented, would help to mitigate the going concern matter. The Management expected that the action plans will be implemented and, if such action plans are successfully implemented, they will be able to demonstrate to the auditor of the Company that the Group will be able to continue as a going concern and once these uncertainties are properly addressed, the Management expects that the Disclaimer will be removed in the financial year ending 31 March 2022. Taking into account the measures mentioned in Note 2.1.1 to the consolidated financial statements, the Directors expects the Group's overall financial position to be further improved in the coming year. The Company, the Directors and the Management will proactively resolve the matters relating to the disclaimer of opinion throughout the financial year ending 31 March 2022.

There was no disagreement between the views of the Audit Committee and the Management in respect of the Disclaimer and the Company's plan to address the Disclaimer.

Members of the Audit Committee
Mr. CHEUNG Kwan Hung *(Chairman of Audit Committee)*
Dr. CHAN Chung Bun, Bunny
Mr. WAI Kwok Hung

Hong Kong, 30 June 2021

DIRECTORS' REPORT

The Directors are pleased to present this annual report together with the audited consolidated financial statements for the year ended 31 March 2021.

Principal activities

The principal activity of the Company is investment holding. The principal business of the Group is chartering out of the Group's own dry bulk vessels and property investment and development.

The principal activities and other particulars of the subsidiaries of the Company are set out in Note 16 to the consolidated financial statements.

Business review

Further discussion and review on the business activities of the Group as required by Schedule 5 to the Hong Kong Companies Ordinance (Cap. 622), including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business are contained in the section headed "Management Discussion and Analysis" of this annual report. This discussion forms part of this Directors' Report. In addition, details of the Group's financial risk management are disclosed in Note 5 to the consolidated financial statements.

Results and dividends

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 85. The Directors did not recommend payment of any final dividend for the year ended 31 March 2021 (2020: Nil).

Environmental, society and governance

The Group is determined to become a responsible enterprise, and is committed to perfecting its business. At the same time, the Group has been actively improving the local community environment and taking part in community activities. The Group seeks to perform corporate citizenship, including the commitment of attaining the highest ethical standards, the provision of a safe and healthy workplace, and pay attention to the environment, resources utilisation and emissions in every aspect of its business as well as the contribution of resources to facilitate staff development training and the active involvement in charity. The Board is of the opinion that a good environmental, social and governance framework is of great importance to the development of the Group. Apart from the pursuit of business growth, the Group is also constantly perfecting in sectors such as environmental protection, social responsibilities and corporate governance. Meanwhile, the Group also hopes to achieve and improve its social responsibilities by enhancing corporate transparency. The Environmental, Social and Governance Report is set out at page 55 of this annual report.

As far as the Board and management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 March 2021, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During the year ended 31 March 2021, there was no material and significant dispute between the Group and its employees, customers and suppliers.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out in Note 21 and Note 30 to the consolidated financial statements respectively.

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group are set out in Note 14 to the consolidated financial statements.

Distributable reserves

At 31 March 2021, the Company has no distributable reserves (2020: Nil).

Pre-emptive rights

There are no provisions for pre-emptive rights under the articles of association of the Company or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders of the Company.

Five year financial summary

A summary of the Group's results and assets and liabilities for the preceding five financial years is set out on page 7 of this annual report.

Share capital

Details of the movements in the share capital of the Company during the year ended 31 March 2021 are set out in Note 19 to the consolidated financial statements.

Equity-linked agreements

Save for the Top Build Convertible Bonds and the grant of options under the Share Option Scheme of the Company as referred to in the paragraph headed "Share Option Scheme" below, no equity-linked agreements (as defined under the Companies (Directors' Report) Regulation, Chapter 622D of the Laws of Hong Kong) that will or may result in the Company issuing Shares or that require the Company to enter into any such agreement that will or may result in the Company issuing shares were entered into by the Company during the year or subsisting at the end of the year. Please refer to the section headed "Share Option Scheme" below and Note 20 to the consolidated financial statements for further information about the Share Option Scheme; and the section headed "Management Discussion and Analysis — Financial Review — Convertible Bonds" and Note 24 to the consolidated financial statements for further information about the Top Build Convertible Bonds.

Purchase, sale or redemption of listed securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Shares for the year ended 31 March 2021.

Directors

The Directors of the Company during the year and up to the date of this annual report:

Executive Directors

Mr. YAN Kim Po (殷劍波) *(Chairman)*
Ms. LAM Kwan (林群) *(Chief Executive Officer)*
Mr. CAO Jiancheng (曹建成)

Independent non-executive Directors

Mr. CHEUNG Kwan Hung (張鈞鴻)
Dr. CHAN Chung Bun, Bunny (陳振彬)
Mr. WAI Kwok Hung (韋國洪)

In accordance with the Article 84 of the Articles, Mr. Cao Jiancheng and Ms. Lam Kwan will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

Biographical details of Directors and senior management

The biographical details of the Directors and the senior management of the Group are set out in the section headed "Board of Directors and Senior Management" of this annual report.

Directors' service contracts

Each of the executive Directors has entered into a service contract with the Company. No Director or senior management of the Company has entered into any service contract with the Company, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Permitted indemnity provisions

The Articles, which are currently in force and were in force during the year ended 31 March 2021, contain indemnity provisions which are permitted indemnity provisions under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) subject to the limitations specified in sections 468 and 469 thereof, for the benefit of the Directors. Pursuant to such provisions, the Company shall indemnify and hold harmless out of its assets and profits any Directors from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty in their offices provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of them. The Company has also taken out and maintained appropriate insurance cover to indemnify the Directors for liabilities that may arise out of corporate activities. The insurance coverage is reviewed on an annual basis. During the year ended 31 March 2021, no claims were made against the Directors.

Directors' and Chief Executive interests in Shares, underlying Shares and debentures of the Company and its associated corporation

As at 31 March 2021, the interests and short positions of the Directors and/or the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she was taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register required to be kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interest in Shares, underlying Shares and debentures of the Company:

Name of Director	**Capacity/Nature of interest**	**Number of Shares held** *(Note 1)*	**Number of underlying Shares held** *(Note 1)*	**Approximate percentage of interest (%)** *(Note 12)*
Mr. Yan	Interest of controlled corporation *(Note 2)*	659,616,013 (L)	—	69.24%
	Beneficial owner *(Note 3)*	—	2,100,000 (L)	0.22%
	Family interest *(Note 3)*	—	2,100,000 (L)	0.22%
	Family interest *(Note 4)*	11,370,000 (L)	—	1.19%
	Family Interest *(Note 5)*	24,862,500 (L)	—	2.61%
	Beneficial owner and interest of spouse *(Note 6)*	—	381,843,064(S)	40.08%

Name of Director	Capacity/Nature of interest	Number of Shares held *(Note 1)*	Number of underlying Shares held *(Note 1)*	Approximate percentage of interest (%) *(Note 12)*
Ms. Lam	Interest of controlled corporation *(Note 7)*	684,478,513 (L)	—	71.85%
	Beneficial owner *(Note 3)*	—	2,100,000 (L)	0.22%
	Beneficial owner *(Note 4)*	11,370,000 (L)	—	1.19%
	Family interest *(Note 3)*	—	2,100,000 (L)	0.22%
	Beneficial owner and interest of spouse *(Note 6)*	—	381,843,064 (S)	40.08%
Mr. Cao Jiancheng	Beneficial owner *(Note 8)*	—	4,300,000 (L)	0.45%
Mr. Cheung Kwan Hung	Beneficial owner *(Note 9)*	—	800,000 (L)	0.08%
Dr. Chan Chung Bun, Bunny	Beneficial owner *(Note 10)*	—	800,000 (L)	0.08%
Mr. Wai Kwok Hung	Beneficial owner *(Note 11)*	—	300,000 (L)	0.03%

Notes:

(1) The letter "L" denotes the person's long position and "S" denotes the person's short position in the Shares and underlying Shares of the Company.

(2) These 659,616,013 Shares were held by Ablaze Rich. The entire issued share capital of Ablaze Rich was owned as to 51% by Mr. Yan and 49% by Ms. Lam, who were also directors of Ablaze Rich. As such, each of Mr. Yan and Ms. Lam was deemed to be interested in the Shares held by Ablaze Rich by virtue of the SFO.

(3) On 21 October 2011, each of Mr. Yan and Ms. Lam was granted share options of the Company in respect of 2,100,000 Shares pursuant to the Share Option Scheme. All these share options remained outstanding as at 31 March 2021. As they have a spousal relationship, each of Mr. Yan and Ms. Lam was deemed to be interested in such number of Shares beneficially held by each other by virtue of the SFO.

(4) These 11,370,000 Shares were held by Ms. Lam. As Mr. Yan and Ms. Lam have a spousal relationship, Mr. Yan was deemed to be interested in the Shares in which Ms. Lam was interested by virtue of the SFO.

(5) These 24,862,500 Shares were held by All Ages. The entire issued share capital of All Ages was owned as to 50% by Ms. Lam and as to 50% by Mr. Yan Yui Ham, the son of Ms. Lam and Mr. Yan. As Mr. Yan and Ms. Lam have a spousal relationship, Mr. Yan was deemed to be interested in the Shares in which Ms. Lam was interested by virtue of the SFO.

(6) These 381,843,064 Shares represented the total number of Shares which may be allotted and issued to Sfund upon the exercise of the conversion rights attaching to the Top Build Convertible Bonds for the aggregate principal amount of US$54,000,000 at the initial conversion price of HK$1.096 per Share and the exchange rate of HK$7.75 to US$1.00. Mr. Yan and Ms. Lam have granted the put option in favour of Sfund pursuant to which Sfund may request Mr. Yan and Ms. Lam to purchase the Top Build Convertible Bonds. On 15 July 2020, Sfund has exercised the put options. As at the date of this annual report, the completion of the put option has not taken place. The exercise of the conversion rights attaching to the Top Build Convertible Bonds is subject to the terms and conditions thereof, including the restriction against conversion which would cause the Company to be in breach of the minimum public float requirement under the Listing Rules. As Mr. Yan and Ms. Lam have a spousal relationship, each of Mr. Yan and Ms. Lam was deemed to be interested in the Shares in which the other was interested by virtue of the SFO.

(7) These 684,478,513 Shares were held as to 659,616,013 Shares by Ablaze Rich and as to 24,862,500 Shares by All Ages. The entire issued share capital of each of Ablaze Rich was owned as to 51% by Mr. Yan and 49% by Ms. Lam, who were also directors of Ablaze Rich. As such, each of Mr. Yan and Ms. Lam was deemed to be interested in the Shares held by each of Ablaze Rich by virtue of the SFO. The entire issued share capital of All Ages was owned as to 50% by Ms. Lam. As such, Ms. Lam was deemed to be interested in the Shares held by All Ages by virtue of the SFO.

(8) On 21 October 2011 and 30 April 2015, Mr. Cao Jiancheng was granted share options of the Company in respect of 6,000,000 Shares and 2,300,000 Shares, respectively, pursuant to the Share Option Scheme. 4,300,000 share options remained outstanding as at 31 March 2021.

(9) On 30 April 2015, Mr. Cheung Kwan Hung was granted share options of the Company in respect of 800,000 Shares pursuant to the Share Option Scheme. All these share options remained outstanding as at 31 March 2021.

(10) On 30 April 2015, Dr. Chan Chung Bun, Bunny was granted share options of the Company in respect of 800,000 Shares pursuant to the Share Option Scheme. All these share options remained outstanding as at 31 March 2021.

(11) On 30 April 2015, Mr. Wai Kwok Hung was granted share options of the Company in respect of 800,000 Shares pursuant to the Share Option Scheme. 300,000 share options remained outstanding as at 31 March 2021.

(12) The percentage is calculated on the basis of 952,613,513 Shares in issue as at 31 March 2021.

Interest in shares and underlying shares of an associated corporation:

Name of Director	**Name of associated corporation**	**Capacity/Nature of interest**	**Number of shares held** *(Note)*	**Approximate percentage of interest (%)**
Mr. Yan	Ablaze Rich	Beneficial owner	10,200 (L)	51.00%
Ms. Lam	Ablaze Rich	Beneficial owner	9,800 (L)	49.00%
Mr. Yan	All Ages	Interest of Spouse	5,000 (L)	50.00%
Ms. Lam	All Ages	Beneficial owner	5,000 (L)	50.00%

Note: The letter "L" denotes the person's long position in the shares and underlying shares of an associated corporation.

Save as disclosed above, as at 31 March 2021, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Substantial shareholders' interests in Shares and underlying Shares of the Company

As at 31 March 2021, the interests and short positions of each person, other than a Director or chief executive of the Company, in the Shares or underlying Shares of the Company as recorded in the register kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity/nature of interest	Number of Shares held *(Note 1)*	Number of underlying Shares held *(Note 1)*	Approximate percentage of interest (%) *(Note 4)*
Ablaze Rich	Beneficial owner	659,616,013 (L)	—	69.24%
廣州匯垠發展投資合夥企業(有限合夥) (Guangzhou Huiyin Development Investment Partnership Enterprise (Limited Partnership))* ("Guangzhou Huiyin Development")	Beneficial owner *(Note 2)*	74,265,000 (L)	—	7.80%
Sfund	Beneficial owner *(Note 3)*	—	381,843,064 (S)	40.08%

Notes:

(1) The letter "L" denotes the person's long position and "S" denotes the person's short position in the Shares and underlying Shares of the Company.

(2) These 74,265,000 Shares were held by Guangzhou Huiyin Development, which was controlled by 北京匯垠天然投資基金管理有限公司 (Beijing Huiyin Tianran Investment Fund Management Co., Ltd.*) ("Beijing Huiyin") as its general partner and was wholly owned by 廣州匯垠天粵股權投資基金管理有限公司 (Guangzhou Huiyin Tianyue Equity Investment Fund Management Co., Ltd.*) ("Guangzhou Huiyin Tianyue") as its limited partner. Beijing Huiyin was owned as to 40% by Guangzhou Huiyin Tianyue.

Guangzhou Huiyin Tianyue was wholly owned by 廣州科技金融創新投資控股有限公司 (Guangzhou Technology Financial Innovation Investment Holdings Limited*) ("Guangzhou Technology Financial Holdings"). Guangzhou Technology Financial Holdings was wholly owned by 廣州產業投資基金管理有限公司 (Guangzhou Industry Investment Fund Management Co., Ltd.*) ("Guangzhou Industry Investment"), which was wholly owned by 廣州市城市建設投資集團有限公司 (Guangzhou City Construction Investment Group Company Limited*) ("Guangzhou City Construction Investment").

Each of Guangzhou Huiyin Tianyue, Guangzhou Technology Financial Holdings, Beijing Huiyin, Guangzhou Industry Investment and Guangzhou City Construction Investment was deemed to be interested in all the Shares in which Guangzhou Huiyin Development is interested by virtue of the SFO.

(3) These 381,843,064 Shares represented the total number of Shares which may be allotted and issued to Sfund upon the exercise of the conversion rights attaching to the Top Build Convertible Bonds for the aggregate principal amount of US$54,000,000 at the initial conversion price of HK$1.096 per Share and the exchange rate of HK$7.75 to US$1.00. The exercise of the conversion rights attaching to the Top Build Convertible Bonds is subject to the terms and conditions thereof, including the restriction against conversion which would cause the Company to be in breach of the minimum public float requirement under the Listing Rules.

The Top Build Convertible Bonds to which these 381,843,064 underlying Shares relate were held by Sfund, which was wholly owned by Guangzhou Huiyin Tianyue. Please refer to note 3 above in respect of the relationship between Guangzhou Huiyin Tianyue and its controlling companies. By virtue of the SFO, each of Guangzhou Huiyin Tianyue, Guangzhou Technology Financial Holdings, Guangzhou Industry Investment and Guangzhou City Construction Investment was deemed to be interested in all the Shares in which Sfund is interested.

(4) The percentage is calculated on the basis of 952,613,513 Shares in issue as at 31 March 2021.

Save as disclosed above, as at 31 March 2021, no person (other than a Director or chief executive of the Company) had an interest or short position in the Shares or the underlying Shares of the Company that were recorded in the register kept by the Company under Section 336 of the SFO.

* *for identification purpose only*

Directors' rights to acquire shares or debentures

Save as disclosed in the section headed "Share Option Scheme" below and the put options granted in favour of Sfund pursuant to which Sfund may request Mr. Yan and Ms. Lam to purchase the Top Build Convertible Bonds, at no time during the year ended 31 March 2021 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding companies, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Share Option Scheme

The Company has adopted the Share Option Scheme on 19 August 2011 to enable the Group to grant share options to eligible participants as incentives or rewards for their contribution to the Group. Eligible participants of the Share Option Scheme includes: (a) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any subsidiary of the Company or any entity in which any member of the Group holds any equity interests ("Invested Entity"); (b) any non-executive directors (including independent non-executive directors) of the Company, any subsidiary of the Company or any Invested Entity; (c) any supplier of goods or services to any member of the Group or any Invested Entity; (d) any customer of any member of the Group or any Invested Entity; (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group; and (i) any company wholly owned by one or more eligible participants as referred to in (a) to (h) above.

The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. Subject to the early termination of the Share Option Scheme in accordance with the rules thereof, the Share Option Scheme shall remain in force for a period of ten years commencing on 19 August 2011 and ending on 18 August 2021.

The maximum number of Shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group shall not exceed 30% of the share capital of the Company in issue from time to time (the "Overriding Limit"). No share options may be granted under the Share Option Scheme or any other share option scheme adopted by the Group if the grant of such share options will result in the Overriding Limit being exceeded.

The total number of Shares which may be allotted and issued upon exercise of all options (excluding for this purpose options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any share option scheme of the Group must not in aggregate exceed 83,000,000 Shares, representing 10% of the Shares in issue as at 19 August 2011 (i.e. the date on which the Share Option Scheme was adopted by the Company) and 8.71% of the Shares in issue as at the date of this annual report (the "General Scheme Limit"). The General Scheme Limit is also subject to the Overriding Limit, the refreshment of the General Scheme Limit (as described below) and the grant of share options beyond the General Scheme Limit (as described below).

Subject to the Overriding Limit and the grant of share options beyond the General Scheme Limit (as described below), the Company may refresh the General Scheme Limit at any time subject to shareholders' approval by ordinary resolution at a general meeting, and the General Scheme Limit as "refreshed" must not exceed 10% of the Shares in issue as at the date of the aforesaid shareholders' approval and for the purpose of calculating the "refreshed" limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of the Group) previously granted under the Share Option Scheme and any other share option scheme of the Group will not be counted.

Subject to the Overriding Limit, the Company may also seek shareholders' approval by ordinary resolution at a general meeting to grant share options under the Share Option Scheme beyond the General Scheme Limit, or, if applicable, the General Scheme Limit as "refreshed", to eligible participants specifically identified by the Company before such approval is sought.

The total number of Shares issued and which may fall to be issued upon the exercise of options granted under the Share Option Scheme and any other share option scheme adopted by the Group (including both exercised or outstanding options) to each grantee within any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting. Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their associates (as defined under the Listing Rules), are subject to approval in advance by the independent non-executive Directors.

In addition, where any grant of share options to a substantial shareholder of the Company or an independent non-executive Director or any of their respective associates (as defined under the Listing Rules) would result in the Shares issued or to be issued upon exercise of all share options already granted and to be granted (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant (a) representing in aggregate over 0.1% of the Shares in issue and (b) having an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK$5 million, such further grant of share options must be approved by the Shareholders in general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, which period may commence from the date of the offer of the share options, and ends on a date which is not later than ten years from the date of grant of the share options subject to the provisions for early termination thereof. The Directors will determine the minimum period, if any, for which share options must be held before such share options can be exercised.

The exercise price of the share options is determinable by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the date of the offer for the grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of offer; and (iii) the nominal value of a Share. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings of the Company.

During the year ended 31 March 2021, movements of the share options granted under the Share Option Scheme are summarised as follows and in Note 20 to the consolidated financial statements:

List of grantees	Date of grant	Exercisable period	Closing price per Share immediately before the date of grant HK$	Exercisable price per share HK$	Number of share options: Outstanding as at 1 April 2020	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding as at 31 March 2021
Directors										
Mr. Yan	21 October 2011	21 October 2012- 20 October 2021	$1.15	$1.15	700,000	—	—	—	—	700,000
	21 October 2011	21 October 2013- 20 October 2021	$1.15	$1.15	700,000	—	—	—	—	700,000
	21 October 2011	21 October 2014- 20 October 2021	$1.15	$1.15	700,000	—	—	—	—	700,000
					2,100,000	—	—	—	—	2,100,000
Ms. Lam	21 October 2011	21 October 2012- 20 October 2021	$1.15	$1.15	700,000	—	—	—	—	700,000
	21 October 2011	21 October 2013- 20 October 2021	$1.15	$1.15	700,000	—	—	—	—	700,000
	21 October 2011	21 October 2014- 20 October 2021	$1.15	$1.15	700,000	—	—	—	—	700,000
					2,100,000	—	—	—	—	2,100,000
Mr. CAO Jiancheng	21 October 2011	21 October 2014- 20 October 2021	$1.15	$1.15	2,000,000	—	—	—	—	2,000,000
	30 April 2015	30 April 2015- 29 April 2025	$1.15	$1.20	2,300,000	—	—	—	—	2,300,000
					4,300,000	—	—	—	—	4,300,000
Mr. CHEUNG Kwan Hung	30 April 2015	30 April 2015- 29 April 2025	$1.15	$1.20	800,000	—	—	—	—	800,000
					800,000	—	—	—	—	800,000
Dr. CHAN Chung Bun, Bunny	30 April 2015	30 April 2015- 29 April 2025	$1.15	$1.20	800,000	—	—	—	—	800,000
					800,000	—	—	—	—	800,000
Mr. WAI Kwok Hung	30 April 2015	30 April 2015- 29 April 2025	$1.15	$1.20	300,000	—	—	—	—	300,000
					300,000	—	—	—	—	300,000
Sub-total					10,400,000	—	—	—	—	10,400,000

List of grantees	Date of grant	Exercisable period	Closing price per Share immediately before the date of grant HK$	Exercisable price per share HK$	Number of share options: Outstanding as at 1 April 2020	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding as at 31 March 2021
Employees	30 April 2015	30 April 2015- 29 April 2025	$1.15	$1.20	500,000	—	100,000	—	—	400,000
Sub-total					500,000	—	100,000	—	—	400,000
Others *(Note)*	30 April 2015	30 April 2015- 29 April 2025	$1.15	$1.20	250,000	—	—	—	—	250,000
Sub-total					250,000	—	—	—	—	250,000
Total					11,150,000	—	100,000	—	—	11,050,000

Note: This represents Ms. Tsang Sze Wing, a grantee who is a consultant of the Group and have provided accounting consultancy services. Such options were granted to recognise and reward the participation and involvement of this consultant in the business development of the Group. Apart from the exercise price as set out above, no other terms and conditions (including performance target) were imposed on the grant of such options to this consultant.

Public float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, there is sufficient public float of more than 25% of the Company's issued Shares as required under the Listing Rules.

Contracts of significance

Save for the loan facility agreements enter into between Ablaze Rich and the Company dated 19 January 2017, 12 April 2017, 15 January 2018, 17 April 2019, 28 February 2020 and 23 June 2020 and the deeds of funding undertakings entered into between Ablaze Rich, Mr. Yan and Ms. Lam and the Company dated 31 March 2019 and 30 September 2020, no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director or an entity connected with a Director (as defined under the Companies Ordinance) or a controlling shareholder of the Company (as defined under the Listing Rules) or any of its subsidiaries is or was materially interested, whether directly or indirectly, subsisted during the year ended, or at, 31 March 2021. Please refer to the section headed "Management Discussion and Analysis — Financial Review — Liquidity, financial resources, capital structure and gearing ratio" of this annual report for further information about the loan facility agreements and the deeds of funding undertakings.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company which were not contracts of service with any Director or any person engaged in full time employment of the Company were entered into or subsisted during the year ended 31 March 2021.

Related party transactions

Details of significant related party transactions of the Group for the year ended 31 March 2021 are set out in note 29 to the consolidated financial statements. All of such transactions fall under definition of "connected transaction" in Chapter 14A of the Listing Rules. In respect of each of such transactions, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules (where applicable).

Major customers and suppliers

For the year ended 31 March 2021, the Group's five largest customers together accounted for about 100% of the Group's total chartering revenue and the largest customer accounted for about 63.8% of the Group's total chartering revenue. The relatively high concentration of revenue attributable to a few customers during the year was due to the relatively small fleet size of the Group. Each of the five largest customers had established 2 to 5 years of business relationship with the Group.

For the year ended 31 March 2021, the Group's five largest suppliers together accounted for about 93.6% of the Group's costs of services, and the largest supplier accounted for about 85.3% of the Group's total costs of services. The Group's key suppliers include insurance underwriters, ship managers, shipbrokers, bunker fuel providers and shipyards. Each of the five largest suppliers had established 2 to 14 years of business relationship with the Group.

None of the Directors or their respective close associates, and, to the best knowledge of the Directors, none of the existing shareholders who owns more than 5% of the number of issued shares of the Company, had any interest in any of the five largest customers or suppliers of the Group during the year.

Directors and controlling shareholders' interests in competing business

For the year ended 31 March 2021 and up to the date of this annual report, none of the Directors and controlling shareholders of the Company (i.e. Mr. Yan, Ms. Lam and Ablaze Rich) (the "Controlling Shareholders") was interested in any business which competes or is likely to compete with the businesses of the Group.

We have received annual written confirmation from the Controlling Shareholders in respect of the compliance with the provisions of the deed of non-competition (the "Deed of Non-competition") entered into between the Company and the Controlling Shareholders as set out in the section headed "Relationship with the Controlling Shareholders — Deed of Non-competition" of the prospectus of the Company dated 27 September 2010.

Our independent non-executive Directors have reviewed the compliance with the Deed of Non-competition during the year ended 31 March 2021 and up to the date of this annual report based on information and confirmation provided by the Controlling Shareholders, and they were satisfied that the Controlling Shareholders have duly complied with the Deed of Non-competition.

Change in Directors' biographical details

Changes in Director's biographical details for the year ended 31 March 2021 and up to the date of this annual report, which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules are set out below:

Name of Director	Details of change
Mr. CHEUNG Kwan Hung	Mr. CHEUNG Kwan Hung resigned as an independent non-executive director of Long Well International Holdings Limited, a company previously listed on the Main Board of the Stock Exchange (stock code: 850), on 22 May 2021.

Save as disclosed above, the Company is not aware of other changes in the Directors' information which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

Closure of register of members

The register of members of the Company will be closed from Friday, 13 August 2021 to Wednesday, 18 August 2021 (both days inclusive) for the purpose of determining the right to attend and vote at the forthcoming annual general meeting of the Company. In order to be qualified for attending and voting at the forthcoming annual general meeting of the Company, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the corresponding share certificates are lodged with the Company's share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 12 August 2021.

Corporate governance

The Company's principal corporate governance practices are set out in the Corporate Governance Report and Audit Committee Report of this annual report.

Auditor

The consolidated financial statements of the Group for the year ended 31 March 2021 have been audited by PricewaterhouseCoopers. PricewaterhouseCoopers will retire at the conclusion the forthcoming annual general meeting of the Company and, being eligible offer themselves for re-appointment. A resolution to re-appoint PricewaterhouseCoopers as the auditor of the Company in the following year will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

YAN Kim Po
Chairman

Hong Kong, 30 June 2021

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About the Report

Great Harvest Maeta Group Holdings Limited (the "Company") and its subsidiaries (collectively the "Group", "We", "our" or "us") are pleased to present our annual Environmental, Social and Governance ("ESG") Report (the "Report"). The Report summarises the Group's policies, management approaches and initiatives to demonstrate our long-term commitment in sustainable development and to ensure that our business activities, at all levels, are conducted in economically, socially and environmentally responsible manner. For the information regarding to the Group's corporate governance, please refer to the section of corporate governance report set out in page 23 to 38 of this annual report.

Reporting Scope

The scope of the Report covers the environmental and social performances of the Group's core businesses, including 1) chartering out of dry bulk vessels and 2) property investment and development in People's Republic of China ("PRC") during the period from 1 April 2020 to 31 March 2021 (the "Reporting Period" or "2020/21").

Reporting Standard

The Report has been prepared in accordance with the second version of "Environmental, Social and Governance Reporting Guide" (the "ESG Reporting Guide") which is set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), as well as the following reporting principles:

Materiality

- The Group identified the material ESG topics through stakeholder and materiality assessment and focused on such topics for reporting disclosure.

Quantitative

- The Group disclosed the information of the standards, methodologies and source of conversion factors used for the reporting of emissions and energy consumption. Please refer to the relevant section in the Report for details.

Consistency

- Compared with the previous year of ESG report, the methods of data calculation for some environmental key performance indicators are adjusted for enhancing the data presentation and data capture. The explanation is described in the corresponding section. The Group will follow the confirmed statistic method in the coming years and will be consistent with those determined in this Reporting Period.

The Report has complied with all the "comply or explain" provisions set out in the ESG Reporting Guide in expect for the provisions that the Group considers are inapplicable to our business operations and explanations are illustrated in the corresponding section as well as the index of ESG Reporting Guide at the end of this report. The ESG Report has been reviewed and approved by the board of directors of the Group (the "Board").

Contact and Feedback

We welcome comments and suggestions from our stakeholders which help us to improve our ESG management and performance. You may provide your comments or views with respect to this ESG Report or our sustainability initiatives via email to info@greatharvestmg.com.

Stakeholder Engagement

The Group has identified the key stakeholders: clients, employees, government and regulators, shareholders and investors, business partners, industry associations, bankers and communities. To further recognise stakeholders' crucial demands, expectations and concerns associated with the Group's business operations, an open and transparent communication platform could proactively facilitate idea exchange and knowledge sharing, for formulating ESG management approaches. With the provision of a variety of communication channels, regular engagement with our key stakeholders is maintained. It is hoped that the engagement could help to address enquiries and concerns with timely follow-up actions. The below table demonstrated the adopted communication channels for engaging the Group's stakeholders.

Stakeholders	Expectations and concerns	Communication channels
Clients	• Laws and regulations compliance • Operation control • Safety of service provision	• Company website • Customer feedback and complaints • Customer satisfaction surveys • Regular meetings
Employees	• Employee — management hierarchy and relationship • Employee allowances and benefits • Labour rights • Occupational health and safety ("OHS") • Training and career progression opportunities	• Annual performance review • Emails and suggestion box • Employee training • Employee activities • Regular meetings
Government and regulators	• Laws and regulations compliance	• Compliance inspections and assessment • Forum, seminar and conference • Regular communication with regulatory authorities • Regular document submission • Regular license renewal
Shareholders and investors	• Business growth and development • Corporate governance • Investment return • Risk management • Risk mitigation	• Annual and interim reports • Annual general meetings • Company website • Corporate announcements

Stakeholders	Expectations and concerns	Communication channels
Business partners (Suppliers, service providers and contractors)	• Business ethics and integrity • Long-term business partnership • Supplier assessment and performance	• On-site inspection • On-going direct engagement • Procurement and tendering • Supplier selection and performance assessment
Industry associations	• Economic and trade exchange and collaboration • Industry position enhancement • Legitimate rights protection • Striving for more support and welfare from the government	• Circulars, press and publication • Emails and phone calls • Forums, seminars and conferences • National and international fora • Regular meetings
Bankers	• Banking solutions • Financing advices	• Emails and phone calls • Meetings
Community	• Environmental conservation • Social and Economic development • Understanding community interest	• Charitable activities and voluntary services • Community activities • Company website • Emails and phone calls

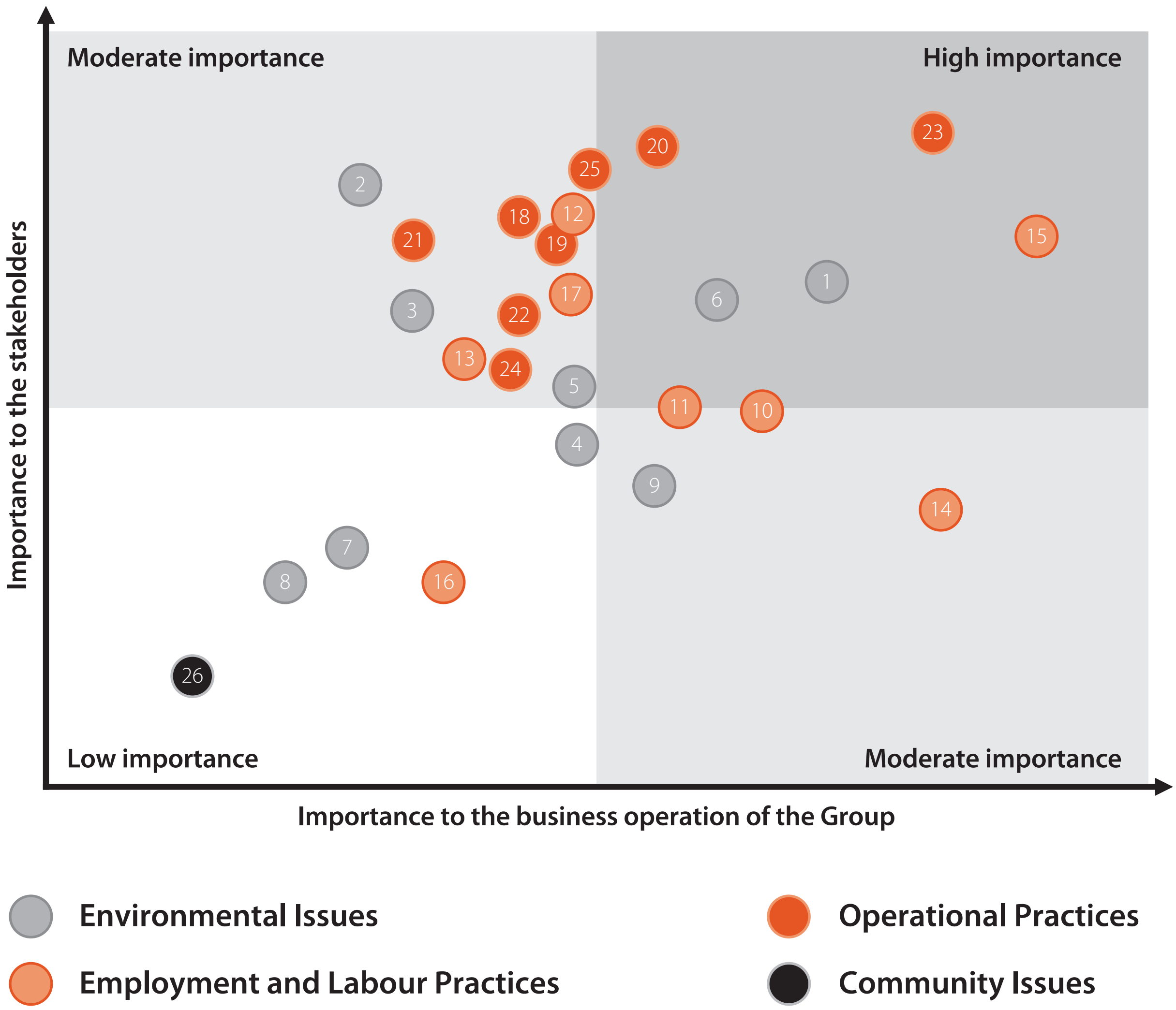
Our Responses to Stakeholders' comments

Stakeholders' Comments	Our Responses
Safety of onshore and offshore staff under the COVID-19 pandemic	The Group strictly followed the policies, regulations and health advice issued by Hong Kong government and the provincial government in PRC regarding COVID-19 prevention and executed corresponding preventive measures (e.g. wear surgical mask in office area, regular disinfection of the office environment and alternative work shifts etc.) to safeguard our employees' health and safety and lower the risk or COVID-19 transmission. For offshore staff, the Group ensures that our engaged contractor has a robust COVID-19 Prevention and Outbreak Management plan with contingency measures in place to respond and recover from the outbreak. Access to mental health support was provided to the seafarers in order to maintain their mental wellbeing and the safe operations during the pandemic.

Stakeholders' Comments	Our Responses
Air emission and water and wastewater management	The Group has complied with the emission standard, waste disposal and wastewater discharge under international convention and the local laws and regulations of the regions where the vessels enter. The Group will continue to seek every opportunity to reduce the air emission by equipping or retrofitting fleets with fuel-efficient engines, sourcing good quality of fuel and regular ship maintenance. Training sessions were provided to the seafarers to increase their environmental awareness to enhance the water efficiency and proper handling of wastewater generated in offshore operations in minimising the adverse impacts on the marine environment.
Data privacy protection	With the internal control guidelines in handling the corporate confidential information, as well as the implementation of administrative and physical measures in storage and transmission of corporate sensitive information, the Group believes that the implemented management approaches are effective to protect the data privacy. We maintain regular review on the control procedures to ensure their effectiveness and make relevant revision or update when appropriate to comply with the requirement of applicable laws and regulations and the actual operational needs to protect the corporate interests.
Risk management of critical incident	The Group closely liaised with our engaged contractor and executed the business continuity plan and procedures to respond the unprecedented global outbreak of COVID-19 (e.g. monitoring of the demand for marine transportation, making prudent plans and arrangements for dock repair to reduce the repair time and seeking to charter out our vessels to reputable and reliable charterers to maintain better operational performance etc.) to minimise the disruption of marine transportation incurred by the continuous impact of COVID-19.

Materiality Assessment

The Group conducted a materiality assessment, as facilitated by the external consultant. The assessment would allow the Group recognising and prioritising ESG issue that is the most influential to the Group's businesses. It is, therefore, expected that the assessment would facilitate better strategizing and formulating of our ESG management approaches. For the assessment, the Group has identified 26 ESG topics, with reference to the HKEX ESG Reporting Guide and global reporting standard (e.g. GRI), along with considering the current business operations and development, market trends and local policies and regulations. Our stakeholder groups (e.g. the member of the Board, employees, the non-governmental organisations) are invited to share their perspectives in ESG and rate the materiality of the identified 26 ESG topics towards the stakeholders themselves as well as the Group's business operation through online surveys. The materiality of each ESG issue, as expressed by the stakeholders, is illustrated in the below materiality matrix. Occupational health and safety, critical incident risk management, customer privacy protection, air emission and water and wastewater management are regarded as issues of high importance, that the Group shall place emphasis on when formulating and adjusting ESG management approaches. All the key enquiries and concerns are properly addressed by our responses.



Environmental	Operating Practice
1. Air emission	18. Service quality
2. Energy efficiency	19. Customer health and safety
3. Greenhouse gas emissions	20. Customer privacy protection
4. Climate change and response	21. Customer satisfaction
5. Waste disposal and recycling	22. Customer complaint handling
6. Water and wastewater management	23. Critical incident risk management
7. Green office	24. Supply chain management
8. Green procurement	25. Anti-corruption
9. Ecological impacts	
Social	**Community**
10. Employment rights and benefits	26. Community engagement and investment
11. Employee recruitment and retention	
12. Employee communication	
13. Diversity and equal opportunities	
14. Employee engagement	
15. Occupational health and safety	
16. Employee training and career development	
17. Elimination of child and forced labour	

Laws and regulations relating to vessel operation

With the principal engagement in dry bulk vessel chartering, the Group offers worldwide marine transportation services to our clients through chartering out our vessels for transportation of dry bulk cargoes. Our vessels are required to comply with the laws and regulations of the respective countries while in their territorial waters, and simultaneously we abide by the requirements of the international conventions for vessel operation. These laws, regulations and rules generally govern the legal requirements, technical standards, Health-Safety-Environmental (HSE) procedures and measures of vessel operation and are outlined as follows:

- International Convention for the Prevention of Pollution from Ships ("MARPOL")

  MARPOL includes the regulations with an objective of the prevention of marine environment pollution by vessels from operational or accidental causes. It regulates the emission of all forms of pollutants by vessels including oil, noxious liquid substances, sewage, garbage and air emission from ship exhausts.

- International Convention on Standards of Training, Certification and Watchkeeping for Seafarers ("STCW Convention")

  STCW Convention sets out standards for training, certification and watchkeeping for seafarers working on board of the vessels which operates on international voyages. In accordance with this convention, vessels owned by the Group are required to be manned by sufficient officers and crew possessing sufficient sea time. Each of them must be trained and qualified accordingly to perform their respective duties on board.

- Convention on the International Regulations for Preventing Collisions at Sea ("COLREGS")

  COLREGS sets out the navigation rules for vessels engaged on voyages on the high sea to prevent collisions. It contains rules for steering and sailing, conduct of vessels in restricted visibility, lights and shapes and sound and light signals etc.

- International Convention on Load Lines

  It sets out the limit to the draught to which a ship may be loaded in different zones and different seasons to ensure the adequate stability of freeboard, in addition to setting provisions to prevent water from entering a ship through doors, hatches, windows, ventilators etc.

- International Safety Management Code for Safe Operation of Ships and for Pollution Prevention ("ISM Code")

  ISM Code is to enhance the effective onshore management in respect of safe operation of ships as well as prevention of pollution. The ISM code requires all vessel owner, or the manager or bareboat charterer who has assumed responsibility for operating and/or managing the ship establish a safety management system with the policy to achieve the objective as stated in the ISM code.

- Merchant Shipping (Safety) Ordinance (Cap. 369) of Hong Kong

  With the vessels incorporated in Hong Kong with Hong Kong-flag, it is required to be compliant with the requirements of applicable laws and regulations under Merchant Shipping (Safety) Ordinance (Cap. 369) of Hong Kong.

We have maintained the relevant certificates issued by the American Bureau of Shipping and Lloyd's Register of Shipping pursuant to the ISM Code and MARPOL for each of the Group's vessels to demonstrate the compliance with various requirements relating to prevention of air pollution, oil pollution and other kinds of marine pollution.

During the Reporting Period, the Group was not aware of any material breaches of the relevant laws and regulations concerning environmental protection and health and safety management under vessel operation.

Our People

To deliver exceptional services to clients and sustain strategic business development, the Group places extra emphasis on attracting and retaining talents. It is, therefore, of paramount importance to provide a collaborative, motivating and harmonious workplace and proactively manage the Group's talent pipeline. The Group is also offering employee learning opportunities for career progression and personal growth, so as to explore potentials and expand employees' professional skillsets.

A set of human resources management policies is formulated and implemented by the Group, for ensuring compliance with all relevant labour laws and regulations in Hong Kong and PRC, including Employment Ordinance (Cap. 57) of Hong Kong, Employees' Compensation Ordinance (Cap. 282) of Hong Kong, Mandatory Provident Fund Schemes Ordinance (Cap. 485) of Hong Kong, Minimum Wage Ordinance (Cap. 608) of Hong Kong, the Labour Law of the PRC《中華人民共和國勞動法》, the Labour Contract Law of the PRC《中華人民共和國勞動合同法》and Law of the PRC on Protection of Minors and Regulations on Prohibiting Use of Child Labour. During the Reporting Period, the Group has complied with the relevant labour laws and regulations in the regions where we operate, and that we were not aware of any non-compliance cases related to employment and the use of child and forced labour.

Employment and Labour Standard

To enhance the employment standard, competitive remuneration and benefits package are offered to full-time employees in Hong Kong and the PRC, covering fixed monthly salary, leaves, fixed working hours, allowances, medical insurance, discretionary bonus and Mandatory Provident Fund Schemes or social insurance coverage (i.e. pension insurance, medical insurance, unemployment insurance, maternity insurance, work-related injury insurance and housing funds) to eligible employees in the Group. All staff is entitled to marriage leave, maternity leave, paternity leave, sick leave and compassionate leave, in addition to the annual leave and statutory leave subject to contract terms. Bonus rewarding scheme and education subsidies may also be granted to eligible employees apart from the basic remuneration. To maintain competitiveness among staff and to ensure they are rewarded in a fair means, regular salary review and adjustment are made on the employee remuneration package to bring it in line with the market conditions and prevailing market practices.

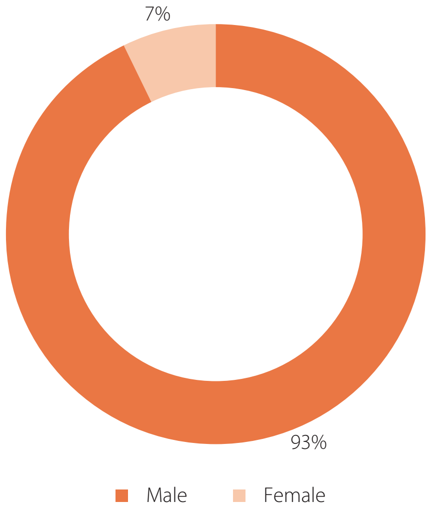
The Group has established human resources management policies in line with the principle of equal opportunities and fair treatment to employees and job candidates. To create an employee-friendly environment with equal opportunities, diversity and anti-discrimination, objective factors are used to fairly assess individual working performances, qualifications and working experience etc. in recruitment, transferal, promotion, training, performance review and dismissal. The Group strictly prohibits any forms of discrimination on gender, age, family status, sexual orientation, disability, race and religion, to ensure workplace fairness. The Group also prohibits any unlawful harassment in our workplace. In respecting the differences and individuality of employees, it is hoped that the staff could bring diversity and innovative ideas and dynamics to work operations, increasing the competitive advantages at the business market.

To respect and protect human rights, the Group strictly prohibits employing any child and forced labour in the workplace, which all employees and job candidates are required to provide updated personal, academic qualification and job references to verify the eligibility for work. The Group would seriously and constantly review the employment procedures and guidelines of the engaged suppliers and contractors to maintain a healthy business relationship in operation.

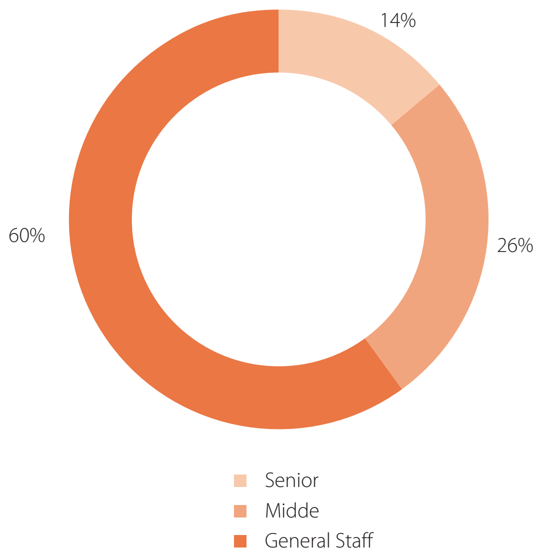
Employee Profile

As at 31 March 2021, the Group had 97 full-time employees. The breakdown of the total workforce divided by gender, employee category, employment contract and age group are shown as below.

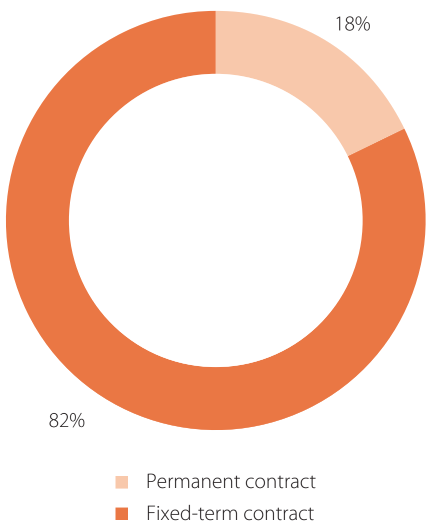
Total workforce by gender



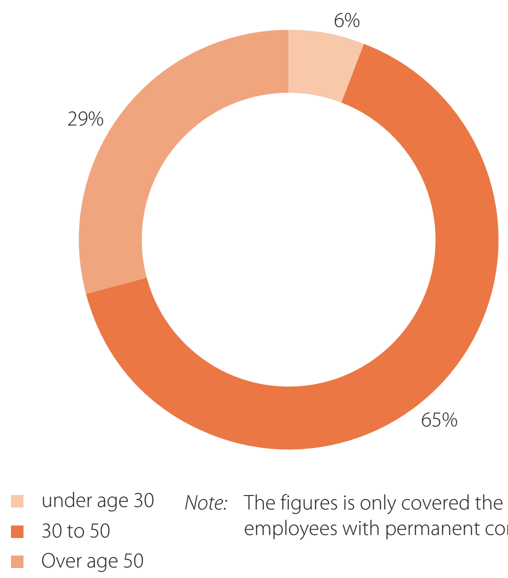
Total workforce by employee catergory



Total workforce by employment contract



Total workforce by age group



Note: The figures is only covered the employees with permanent contract.

Health and Safety

The Group has recognised the great importance of health and safety in the workplace, and the need to offer a safe and reliable vessel fleet to our client. In engaging a contractor with rich experience in maritime solutions, it is important to monitor the safety of shipboard operation for each of the Group's vessels in terms of crew and shipment management. The Group would keep close partnership with the contractor to implement the relevant safety policies and management procedures, for instance, (1) the safety and environment protection policy, (2) the guidelines in ensuring safety and environmental protection in compliance with relevant international legislation, (3) reporting procedures for accidents and non-conformities stated in ISM Code, and (4) emergency and response actions, to prevent and mitigate the safety risks exposure to the crews. Adequate training is provided to help the crews in obtaining relevant qualifications before on board, aligning with the safety requirements in ISM Code.

Housed in offices, lower health and safety risks are found in aspects of dry bulk vessel operation and property investment and development. The Group has taken a variety of health and safety measures to minimise the office safety risks, in pursuit of promoting safety awareness towards employee:

- Maintain good housekeeping in workplaces and office areas such as corridors and pantry to prevent accidents in the workplace and aids the efficient operation of the office;
- Install air purifiers in relatively crowded areas such as conference and meeting rooms;
- Prohibit smoking and abuse of alcohol and drugs in the workplace;
- Make sure the screen gives a clear, sharp and steady image, displaying characters of adequate size and spacing;
- Use aids like a document holder, footrest or wrist rest if necessary;
- Provide adjustable chairs and monitors for eye protection;
- Attach posters of proper working postures and lifting method at appropriate locations in offices to remind employees to take correct posture for manual handling;
- Participate in the fire drills and emergency evacuation organised by the property management company to raise the employees' awareness of fire prevention and to equip employees with appropriate knowledge and skills in emergency events; and
- Disseminate the information of office safety on the intranet regularly to promote the safety culture.

The Group has also established an office safety task force to oversee and supervise the safety issues, for example, office security, fire safety and electricity etc. General office safety practices have also outlined in the staff handbook during the induction training. Regular review is conducted to evaluate the effectiveness of health and safety measures to ensure they are properly maintained and executed.

In 2020/21, the Group emphasises the epidemic preventive measures on COVID-19. In view of the social distancing measures imposed by the Government, several special working arrangements are made to ensure the safety and health of our employees. Work-from-home working arrangement and shifts are made to provide flexibility of our staff according to the operational needs so as to reduce the flow of people and social contact in the community. All staff should also wear surgical masks at all times and comply with the infection control measures such as temperature checks and crowd control arrangements in workplace. Alcohol disinfectant spray and other supplies are provided. Regular cleaning, inspection and maintenance of equipment and facilities, such as carpet and air conditioner, are carried out to maintain workplace hygiene.

On the other hand, a comprehensive "COVID-19 Prevention and Outbreak Management Plan" has been implemented onboard for all four vessels, including 1) the hygienic practices and safety measures offshore when new crew is joining the vessel, attending the vessel or sailing with the vessel, 2) provision of safety training to seafarers and new crews and 3) contingency plan and response action(s) in the event of a suspected case on board, in order to safeguard the seafarers from the infection of COVID-19. To support seafarers' mental wellbeing during the pandemic and for safe operations, an additional helpline was provided for consultation with shore personal. Medical repatriation would be arranged in event of any urgent or severe case for medical attention is required.

During the Reporting Period, the Group has complied with the Occupational Safety and Health Ordinance (Cap. 509) of Hong Kong, the Work Safety Law of PRC, Law of the PRC on the Prevention and Control of Occupational Diseases, and there was no work-related fatality or lost days due to work injuries cases in 2020/21.

	2018/19	2019/20	2020/21
Number of work-related fatalities	0	0	0
Rate of work-related fatalities	0	0	0
Number of injuries at Work	0	0	0
Lost days due to injury at work	0	0	0

Development and Training

To drive our business success and growth, the Group offers development and training opportunities aiming to nurture the professions of our people. We actively identify the training needs of our employees through performance appraisal, and revise the training programmes accordingly. It is anticipated the employee development and training could strengthen the professional capabilities and achieve our business objectives.

Since different positions require unique professional and technical needs, the Group provides customized orientation training and mentoring to every new hirer that helps them to adapt to the new working environment. The Group would also organise a variety of professional training sessions and seminars for heads, directors and senior management, to discuss different management topics, for example, corporate governance, ethics and integrity, risk management, legal and regulatory requirements and OHS. It aims to strengthen the knowledge, and to boost the leadership and management skills in driving the team to grow for the strike of the best interest to the Group. Some internal training programmes are offered, including comprehensive training for skillset development, and continuous professional development courses for relevant staffs to obtain appropriate professional qualifications, qualities and skillsets. It could facilitate the career prospect of the employee, which the Group could fully support continuous learning by granting educational subsidies.

Apart from office staff, the Group could facilitate the crews who operate our vessels to obtain relevant certificates and receive maritime training under the requirements of STCW Convention, particularly in the topics of safety training, to acquire technical and professional skills for daily operation and upholding the highest safety standard.

Operating Practices

The Group aims to integrate sustainability into our core business value, regarding as a part of the corporate responsibility. It is encouraged that all business partnership could incorporate sustainability practices into the management and operation in the pursuit of sustainable development.

Supply Chain Management

Maintaining close collaboration and business relationship with our business partners (including our suppliers, service providers and contractors), the Group hopes to foster business continuity and improve the service quality. Since the key suppliers of the Group are the contractor of vessel asset and technical management and office appliances suppliers, the Group has implemented the supplier management system to review the business capability and material supply of the suppliers, as well as the management of our daily vessel operation. As the selection criteria, the Group not only consider pricing, but also evaluate the corporate background and business reputation, competence and experiences including the track record of legal and regulatory compliance. Supply chain management aims to ensure quality and safety, thus minimising the negative environmental impacts on business activities. The Group may conduct inspection and assessments, and is obliged to terminate the contract if serious pollutions or serious social accidents are caused.

The Group encourages the business partnership to take proactive actions to ensure optimal social and environmental operation, including employment practices, human rights protection, environmental, health and safety management etc. to align with the sustainability practices.

With the screening and review process, the Group hopes to minimise the potential social and environmental risks associated with supply chain management. During the Reporting Period, the Group had 25 suppliers located in Hong Kong.

Product Responsibility

The Group maintains regular communication with the clients to ensure the needs and expectations are satisfied, to uphold the highest standards of service provision and improve the quality of our services in the long run. During the Reporting Period, the Group did not identify any material non-compliance of the laws and regulations related to the quality of services and data privacy.

Chartering out of dry bulk vessels

The Group is responsible for providing vessel technical and maintenance management to safeguard vessel's operation, while all the vessels of the Group are hiring out under the time charter. For fulfilling the requirements of relevant international convention, laws and regulations, class and manufacturer requirements, the Group has commissioned the contractor to carry out vessel maintenance and repair at planned time intervals, and pay attention to the operational readiness and reliable service provision.

Property development and investment

The Group is required to strictly comply with relevant laws and regulations associated with building construction, advertising, labelling and consumer protection, including Construction Law of the PRC《中華人民共和國建築法》, Product Quality Law of the PRC《中華人民共和國產品質量法》, Consumer Protection Law of the PRC《中華人民共和國消費者權益保護法》and the Advertising Law of the PRC《中華人民共和國廣告法》. It aims to safeguard the quality and safety of promotions and ensure accurate information delivered in our advertisements and promotion activities.

Feedback Management

The Group provides a variety of communication channels, for instance, phone hotline, emails and websites, for inquiries and seeking advice from clients. No complaints were received against our services regarding the services in terms of the health and safety issues during the Reporting Period.

Data Privacy Protection

The Group acknowledges the concern of data privacy, therefore put great effort to protect the data privacy to safeguard the corporate interest and comply with the relevant laws and regulations, including Personal Data (Privacy) Ordinance (Cap. 486) of Hong Kong. The Group also outlines the requirement of data privacy in the staff handbook and employee contract, requiring employees should strictly follow and carefully manage the corporate confidential information, including but not limited to, trade secrets, employee personal data, client information and financial budgets. To take an example, the confidential information should only be used exclusively by our Group. Employees could not use any confidential information for their own purpose or for any purpose other than that of the Group and release it to any unauthorised parties without prior consent by the Group. In addition, the data should be kept in the internal system with appropriate access control to prevent unauthorised information leakage or accidental access, processing, erasure or other use.

Anti-corruption

The Group commits to uphold a high standard of business ethics and exacts zero tolerance on any forms of bribery and corrupt practices. While sustainable business is built with the principles of business integrity, the Group has launched a series of policies of anti-fraud and anti-bribery to build trust to our stakeholders, as a part of exercising corporate governance in creating a fair and honest corporate culture. Applicable laws and regulations should be complied with, including the Prevention of Bribery Ordinance (Cap. 201) of Hong Kong, the Criminal Law of the PRC (《中華人民共和國刑法》), and the Regulations of the PRC for Suppression of Corruption (《中華人民共和國懲治貪污條例》). For instance, employees are strictly prohibited to accept and/or solicit directly or indirectly, any benefits, including gifts, entertainment and commissions, from the business partners and clients or abuse their power of position in taking personal advantages in the business transactions.

To establish good faith through our established reporting channel, the Group encourages the reporting of any suspected unlawful misconducts and irregularities. The reported case would be followed up, and our Audit Committee will investigate and verify the reported case. The Group would strictly keep the identity of whistle-blower with the reported information in confidential manners against any reprisal and victimisation, and our Audit Committee will depend on the case seriousness to consider whether the Group would involve an external consultant or party for further handling.

During the Reporting Period, the Group was not aware of any breaches of relevant laws and regulations relating to bribery, extortion, fraud and money laundering where we operate, as well as no concluded legal cases regarding corruption practices brought against the Group or our employees.

Our Environment

The Group acknowledges the growing awareness and concern on global environmental issues, such as climate change, resource scarcity and loss of biodiversity. It is identified by the Group that sustainable business growth is to build upon environmental sustainability. The Group, therefore, is dedicated to fulfilling environment stewardship, by protecting and conserving the environment with emission reduction, responsible utilization of resources and education on environmental awareness.

The Group has assessed the impact of promulgated international conventions, environmental protection laws and regulations towards our business activities in chartering out of dry bulk vessels and property development and investment such as MARPOL, ISM Code, Waste Disposal Ordinance (Cap. 354) of Hong Kong, the Environmental Protection Law of the PRC《中華人民共和國環境保護法》, Prevention and Control of Atmospheric Pollution of the PRC《中華人民共和國大氣污染防治法》, Prevention and Control of Water Pollution of the PRC《中華人民共和國水污染防治法》, Prevention and Control of Environmental Pollution by Solid Waste《中華人民共和國固體廢物防治法》and National Environmental Emergency Response Plan and we have complied with the legal and regulatory requirements. The Group has formulated relevant rules and regulations for a sound and effective management of energy consumption, air emission, greenhouse gas ("GHG") emission, waste disposal as well as other materials use, with the goal to reduce emissions and optimise the resource efficiency.

During the Reporting Period, the Group was not aware of any breaches of relevant laws and regulations relating to air and GHG emissions, discharge into water and land, and generation of hazardous and non-hazardous waste.

Air Emission

Due to the fuel combustion for vessel transportation and, therefore, the provision of chartered vessels for the transportation of dry bulk cargoes, emissions of Nitrogen Oxides (NOx) and Sulphur Oxides (SOx) are recognized inevitable. Therefore, the Group has been placing extra emphasis on monitoring work, to ensure that the corresponding air emission of the Group's owned vessels complies with the emission standard under the international convention and other applicable laws and regulation where the regions operate in.

All of the vessel engines of the Group' dry bulk vessels, including both main and auxiliary installed on the vessels, comply with the applicable emissions limit, in accordance with the revised NOx Technical Code 2008. The vessels' rated power and speed have been recorded and monitored to ensure to minimise the emission of nitrogen oxides. With the more tightened global air emission standard (The IMO 2020 global sulphur cap) under the vessel operation, the Group requires all of our vessels to consume low-sulphur fuel oil with a sulphur content lower than 3.50% m/m (before 1 January 2020) or 0.50% m/m when operating outside of an Emission Control Area; and no more than 1% m/m (before 1 January 2015) or 0.10% m/m when operating inside an Emission Control Area, as specified in regulation 14.3 of Annex VI to the MARPOL Convention. During the Reporting Period, the Group has complied with the emission requirements under the MARPOL Convention and there was no incident related to air emission.

The below table summarises the Group's air emission during the Reporting Period:

	Unit	2020/21
Nitrogen oxides (NOx)	kg	1,907,306.95
Sulphur oxides (SOx)	kg	1,614,145.90
Particulate matter (PM)	kg	134,690.02

Waste Management

Hazardous Waste

A certain amount of hazardous waste, such as waste oil rags and waste engine oil, are indispensably generated in our vessel operation and maintenance. Such kind of waste is properly segregated and stored in a qualified and designated container, for preventing leakage and mixing up with non-compatible waste, therefore handling. It is, however, our vessel operation contractor's responsibility to dispose of and consign the abovementioned hazardous waste to licensed waste collectors for further handling and treatment. The Group also ensures that the contractor has provided adequate training for the seafarers on the safety procedures for handling hazardous waste, and formulated corresponding emergency response plans.

Aside from the abovementioned, the Group has produced a limited amount of hazardous waste (e.g. toners) in office operation. The Group arranges proper collection of all the used toner cartridges, as supported by the service provider for recycling.

	Unit	2020/21
Toners	piece	12

Non-hazardous Waste

The Group has formulated waste management procedure and working guideline in each business segment to manage and handle the non-hazardous waste generated in our daily operation. The non-hazardous wastes generated in our operation are mainly domestic waste. Among these, recyclable wastes, such as paper, glass bottles and plastics are properly collected, sorted and then consigned to the property management company for recycling or disposal. To further reduce waste at source, the Group has placed extra emphasis on formulating and implementing measures, such as reducing printing, using e-fax, reusing single-sided paper etc. The Group has also limited the supply of single-use disposable items to prevent unnecessary waste of materials.

	Unit	2020/21
Domestic waste	kg	4,800

Use of Resources

The Group has formulated waste management procedures to trim down the use of electricity, water, paper, and other materials, to achieve green operation in our daily operation. Aside from the application of the 4R principles ("Reduce", "Reuse", "Replace" and "Recycle"), the Group also expects that we could instil the consciousness of resources conservation and environmental protection into our employees and business partners, by joining hands and minimising harms and pollutions on our planet when carrying out the business activities.

Energy use and greenhouse gas emission management

Fuel oil and electricity are the main types of energy that the Group consumed for business operations. To enhance energy efficiency and in turn reduce carbon footprints, the Group aims to properly manage our energy consumption and hence reduce greenhouse gas emission through our daily operation. The Group has taken various energy-saving policies to reduce energy use and continually look for energy-saving opportunities.

The Group actively adopts electricity conservation and energy-saving measures, including but limited to:

- Switch off the office appliances, lighting and air-conditioning when they are not in use;
- Provide on-off and zoning control of lighting and ventilation system in the workplace according to the operation schedule;
- Maintain the room temperature at comfort level about 24–26℃ ;
- Adopt video conference calls to avoid unnecessary business-related travel;
- Install and replace conventional lighting with energy-efficient light bulbs, such as LED lights;
- Procure energy-efficient electrical appliances (such as those with Grade 1 energy label);
- Spread "Green Message" reminders to further enhance employees' environmental awareness; and
- Encourage the use of public transportation.

The below table summarises the Group's energy use and GHG emission during the Reporting Period:

Energy Consumption	Unit	2020/21
Fuel Oil	Metric Tonne ("MT")	22,893.80
	Megawatt hour ("MWh")	270,465.03
Marine Gas Oil	MT	1,157.99
	MWh	14,558.52
Total Energy	MWh	285,023.55
Intensity	MWh/miles	1.24

GHG Emission	Unit	2020/21
Scope 1 Direct emission	tonne of carbon dioxide equivalent ("tCO_2e")	77,861.98
Scope 2 Energy indirect emission	tCO_2e	N/A
Total GHG emission	tCO_2e	77,861.98
Intensity	tCO_2e/miles	0.34

Water Consumption

Water consumption primarily comes from the domestic use of water in our daily office operation. The Group has taken various measures to encourage employees to develop a water-conserving habit and therefore reduce our water consumption. Pantry and washrooms are posted with water-saving signage to remind employees of the significance and urgency of water conservation. Besides, regular inspection and maintenance are carried out, to prevent water leakage from our utility facilities.

During the Reporting Period, the Group was not aware of any water sourcing problem in our business segments, office operations especially — as all water consumed in our offices is directly supplied by the local water supplies authorities. In addition, water charges of our Hong Kong and PRC offices are borne by the landlord and thus there was no available water consumption data for information disclosure.

Paper Consumption

The Group strives to promote the paperless operation in our offices by advocating the electronic application for internal communication and documents circulation, adopting double-sided printing and reusing the single-sided paper for printing or drafting.

	Unit	2020/21
Paper	kg	155.68

The Environment and Natural Resources

Shipping service plays an important role in driving global trading, but meanwhile inevitably generates negative influences on the marine environment. It is believed that vessel shipping can prevent impacts on the marine environment (e.g. oil and chemical spills, pollution due to the historical use of antifoulants, risk of ship grounding or sinking and releases of ballast water containing aquatic invasive species etc.), and threats posed to the marine biodiversity with proper and regular vessel inspection, maintenance and operation. For that, the Group has formulated and applied a planned maintenance system to carry out regular maintenance for all the Group's vessels through service provided by engaged contractor. It is expected that the assigned contractor would plan, perform and document vessel maintenance at intervals complying with Class and manufacturer requirements. With this approach and practice, the Group could ensure vessels' safety and reliability and therefore managing risks associated with environmental and safety incidents.

In order to achieve environmental sustainability and comply with all applicable regulations under the international conventions and the safety and environmental objectives set out in the ISM Code, the Group requires our contractor to execute an environmental and safety management system to proactively identify, manage and mitigate the environmental risks and take measures to minimise those negative footprints to the environment. Besides, we require our vessels to meet the requirements of oil pollution prevention certificates which provide assurance to the structure, equipment, systems, fittings, arrangement and materials of the vessels we operate.

Our awarded certificates are summarised as below:

Certificate	Vessel
International Oil Pollution Prevention Certificate (IOPPC) under the provisions of the International Convention for the Prevention of Pollution from Ships	GH Power GH Harmony GH Glory GH Fortune

The Group also requires all crews who operate our vessels are professionally trained to handle various emergency situations with due care and perform regular assessment of the effectiveness of pollution prevention measures. Further technical support will be sought if necessary.

Our Community

The Group is committed to giving back to societies where we operate by actively engaging the community and leveraging our resources through various channels, including social support, community services and sponsorship programmes, to build close social bonds with the neighbours and promote the spirit of mutual assistance in these dire times.

Community Services

With response to the mission of Pok Oi Hospital in providing comprehensive and quality medical and social services in a caring manner to the society at large, the Group continues to support and actively participated in various charitable and fund-raising activities organised by Pok Oi Hospital during the Reporting Period.

The Group took part in the event of "Pok Oi Month Fund-raising Campaign 2020" in August 2020, "Pok Oi Cheering Golf Day 2020" hosted by Pok Oi in the Hong Kong Golf Club at Fanling in October 2020 and the "Pok Oi Charity Show" in March 2021, to raise funds for Pok Oi Hospital operational development and social service provision.

Pok Oi Month Fund-raising Campaign 2020

Pok Oi Cheering Golf Day 2020

Pok Oi Charity Show 2021

Looking forward, the Group will continue to leverage our resources and encourage our staff members to actively engage in voluntary services, in order to disseminate the spirit of services in the community where we operate in.

ESG Data Summary

Environmental Performance

	Unit	2020/21
Emission[1]		
Nitrogen oxides (NOx)	kg	1,907,306.95
Sulphur oxides (SOx)	kg	1,614,145.90
Particulate matter (PM)	kg	134,690.02
Total GHG emission[2]	tCO_2e	77,861.98
— Scope 1 Direct emission	tCO_2e	77,861.98
— Scope 2 Energy Indirect emission	tCO_2e	N/A
GHG intensity	tCO_2e/miles	0.34
Hazardous waste (Toner)[3]	piece	12
Non-hazardous waste (Domestic waste)[4]	kg	4,800
Resources use[5]		
Energy		
— Fuel oil	MWh	270,465.03
— Marine gas oil	MWh	14,558.52
Total Energy Consumption	MWh	285,023.55
Energy Intensity	MWh/miles	1.24
Paper[6]	kg	155.68

Social Performance

	Unit	2020/21
Employee profile[7]		
Total workforce	Number	97
Employees by gender		
Male	Number	90
Female	Number	7
Employees by employment contract		
Permanent contract	Number	17
Fixed-term contract	Number	80
Employees by age[8]		
Under 30	Number	1
Age 30–50	Number	11
Over age 50	Number	5
Employees by employment type		
Full-time	Number	97
Part-time	Number	0
Employees by employee category		
Senior	Number	14
Middle	Number	25
General staff	Number	58
Employees by geographical region[9]		
Hong Kong	Number	11
PRC	Number	6
Turnover[10]		
Total turnover	Number	4
Total turnover rate	%	21.6
By gender		
Male	%	9.5
Female	%	37.5
By age		
Under 30	%	100
Age 30–50	%	0
Over age 50	%	40
By geographical region		
Hong Kong	%	8.7
PRC	%	40.0
Occupational health and safety (OHS)		
Number of work-related fatalities	Number	0
Rate of work-related fatalities	%	0
Lost days due to work injuries	Day	0

Notes:

1. The figure is calculated with reference to 2006 IPCC Guidelines for National Greenhouse Gas Inventories and the section of International maritime and inland navigation, national navigation, national fishing, recreational boats of EMEP/EEA air pollutant emission inventory guidebook 2019 published by European Environment Agency.

2. The figure is calculated with reference to 2006 IPCC Guidelines for National Greenhouse Gas Inventories. Scope 1 emission covers the direct GHG emissions generated by the combustion of fuels and mobile sources owned and/or controlled by the Group. Scope 2 emission covers the purchased electricity in our Hong Kong and PRC office. The electricity charges of our Hong Kong and PRC offices are borne by the landlord. No quantitative data of Scope 2 emission is available for reporting disclosure.

3. The figure only covers the office operation of the business of chartering out of dry bulk vessels in Hong Kong.

4. The figure only covers the office operation of the business of chartering out of dry bulk vessels in Hong Kong and it is estimated based on the following information:

    - The amount of daily waste generation: 20 kg and the number of working days for 2020/21: 260.

    Since the workforce split into two groups and executed alternative work shifts for preventing the risk of COVID-19 transmission due to the second wave of COVID-19 outbreak in Hong Kong from June 2020 to July 2020, we assumed the amount of waste generated during these 40 working days was 10 kg/day.

5. The electricity and water charges of our Hong Kong and PRC offices are borne by the landlord. No quantitative data of electricity and water consumption is available. Due to the Group's business nature, no package materials are consumed in our business segments as we are not engaged in manufacturing industry.

6. The figure only covers the office operation of the business of chartering out of dry bulk vessels in Hong Kong.

7. The figure of employee number is calculated based on the number of headcounts at Hong Kong headquarter and PRC office and the seafarers of four fleets as of the end of the Reporting Period.

8. The Group does not report the employee data of fixed-term contract by age due to the limitation of data collection.

9. The figure only covers the office operation of the business of chartering out of dry bulk vessels in Hong Kong and the business of property development and investment in PRC. Due to the worldwide marine transportation services of the chartered dry bulk vessels, the crews of the vessels fleet do not base in specific regions or countries and thus there is no available data for disclosure.

10. The figure only covers the employee data of permanent contract. The turnover rate covers employee voluntary resignations and retirements.

The Stock Exchange ESG Reporting Guide Index

ESG Reporting Guide		Section/Explanation
A. Environment		
A1 Emission		
A1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Our Environment — Air Emission Our Environment — Waste Management Our Environment — Use of Resources
KPI A1.1	The types of emissions and respective emission data.	ESG Data Summary
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Data Summary
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Data Summary
KPI A1.4	Total non-hazardous waste produced (in tonnes and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Data Summary
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Our Environment — Air Emission Our Environment — Use of Resources
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Our Environment — Waste Management

ESG Reporting Guide		Section/Explanation
A2 Use of Resources		
A2	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Our Environment — Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	ESG Data Summary
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	ESG Data Summary
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Our Environment — Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Our Environment — Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	ESG Data Summary
A3 The Environment and Natural Resources		
A3	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Our Environment — The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Our Environment — The Environment and Natural Resources
B1 Employment		
B1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Our People — Employment and Labour Standard
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	ESG Data Summary
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	ESG Data Summary

ESG Reporting Guide		Section/Explanation
B2 Health and Safety		
B2	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Our People — Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	ESG Data Summary
KPI B2.2	Lost days due to work injury.	ESG Data Summary
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	ESG Data Summary
B3 Development and Training		
B3	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Our People — Development and Training
B4 Labour Standard		
B4	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Our People — Employment and Labour Standard
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Our People — Employment and Labour Standard
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Our People — Employment and Labour Standard
B5 Supply Chain Management		
B5	General Disclosure Policies on managing environmental and social risks of the supply chain.	Operating Practices — Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Operating Practices — Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Operating Practices — Supply Chain Management

ESG Reporting Guide		Section/Explanation
B6 Product Responsibility		
B6	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Operating Practices — Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to the Group
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	No products and service related complaints received during the Reporting Period.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	No applicable to the Group, as no intellectual property rights are under registered by the Group
KPI B6.4	Description of quality assurance process and recall procedures.	Operating Practices — Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Operating Practices — Product Responsibility
B7 Anti-corruption		
B7	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Operating Practices — Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Operating Practices — Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Operating Practices — Anti-corruption

ESG Reporting Guide		Section/Explanation
B8 Community Investment		
B8	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Our Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Our Community
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Our Community

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

To the Shareholders of GREAT HARVEST MAETA GROUP HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Great Harvest Maeta Group Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 85 to 148, which comprise:

- the consolidated statement of financial position as at 31 March 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Multiple Uncertainties Related to Going Concern

As described in Note 2.1.1 to the consolidated financial statements, the Group recorded a net loss attributable to owners of the Company of US$3,258,000 for the year ended 31 March 2021, and as at 31 March 2021, the Group's current liabilities exceeded its current assets by US$64,524,000, which included borrowings and loans of US$7,008,000 repayable within one year and convertible bonds of US$53,154,000 that would mature in May 2021, while the Group's cash and cash equivalents balance was US$218,000.

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Subsequent to 31 March 2021, the Group was in default under the terms and conditions of the relevant agreement of the convertible bonds for an aggregate principal amount of US$54,000,000 that were not settled in full on the maturity date of 10 May 2021.

This event of default also resulted in cross-default of (i) a loan from a financial institution with an amount of US$990,000 with original contractual repayment dates of within one year and amount of US$1,522,000 with original contractual repayment dates after one year from 31 March 2021; (ii) loan from a financial institution with a total principal amount of US$14,750,000 obtained subsequent to 31 March 2021 with a principal amount of US$2,610,000 with an original contractual repayment date of within one year and principal amount of US$12,140,000 with original contractual repayment dates after one year from 31 March 2021; and (iii) loans from the ultimate holding company of US$3,767,000 with original contractual repayment date of within one year and US$10,662,000 with original contractual repayment dates after one year from 31 March 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 conditions, together with other matters described in note 2.1.1 to the consolidated financial statements, indicate the existence of multiple uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, which are set out in Note 2.1.1 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) whether the bond holder will agree to extend the settlement date of the remaining principal amount; and that 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 in accordance with the settlement plan; (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$19,500,000 to the Group under the deed of funding undertakings as and when needed; 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 which will be beyond 31 March 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 pandemic and generate sufficient operating cash inflow; and (v) whether the Group can obtain additional sources of financing or bank borrowings, as and when needed. As a result of these multiple uncertainties, the potential interaction of these uncertainties, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate.

Should the Group be unable to achieve the abovementioned plans and measures, 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 consolidated financial statements.

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. We report solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements due to the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

The engagement partner on the audit resulting in this independent auditor's report is Kong Ling Yin, Raymond.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 June 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Note	2021 US$'000	2020 US$'000
Revenue	5	12,454	12,225
Cost of services	8	(11,307)	(10,426)
Gross profit		1,147	1,799
Other gains	6	2,215	3,962
Other income	7	77	17
General and administrative expenses	8	(2,332)	(2,580)
Reversal of impairment losses/(impairment losses) on property, plant and equipment	14	2,447	(6,320)
Operating profit/(loss)		3,554	(3,122)
Finance income	9	—	1
Finance costs	9	(5,961)	(5,864)
Finance costs — net		(5,961)	(5,863)
Loss before income tax		(2,407)	(8,985)
Income tax expense	11	(725)	(991)
Loss for the year		(3,132)	(9,976)
(Loss)/profit attributable to			
— Owners of the Company		(3,258)	(10,209)
— Non-controlling interest		126	233
		(3,132)	(9,976)
Other comprehensive income/(loss) for the year			
Item that may be reclassified to profit or loss			
Currency translation differences		3,533	(2,241)
Total comprehensive income/(loss) for the year		401	(12,217)
Total comprehensive income/(loss) attributable to:			
— Owners of the Company		(43)	(12,248)
— Non-controlling interest		444	31
		401	(12,217)
Loss per share attributable to owners of the Company			
— Basic loss per share	12(a)	(US0.34 cents)	(US1.07 cents)
— Diluted loss per share	12(b)	(US0.34 cents)	(US1.07 cents)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Note	2021 US$'000	2020 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	52,126	50,197
Investment properties	15	73,806	66,336
Pledged deposit	17	500	500
Pledged bank deposits	18	1,472	2,144
		127,904	119,177
Current assets			
Trade receivables, deposits, prepayments and other receivables	17	2,393	3,235
Pledged bank deposits	18	515	913
Cash and cash equivalents	18	218	266
		3,126	4,414
Total assets		131,030	123,591
EQUITY			
Equity attributable to owners of the Company			
Share capital	19	1,221	1,221
Reserves	21	19,616	19,644
		20,837	20,865
Non-controlling interest		4,463	4,019
Total equity		25,300	24,884

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Note	2021 US$'000	2020 US$'000
LIABILITIES			
Non-current liabilities			
Borrowings and loans	22	20,459	16,987
Convertible bonds	24	—	48,347
Deferred income tax liabilities	23	17,621	15,814
		38,080	81,148
Current liabilities			
Other payables and accruals	25	7,487	7,455
Borrowings and loans	22	7,008	10,104
Convertible bonds	24	53,154	—
Tax payables		1	—
		67,650	17,559
Total liabilities		105,730	98,707
Total equity and liabilities		131,030	123,591

The consolidated financial statements on pages 85 to 148 were approved by the Board of Directors on 30 June 2021 and were signed on its behalf.

Yan Kim Po	**Lam Kwan**
Director	*Director*

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Attributable to owners of the Company										
	Share capital US$'000	Share premium US$'000	Convertible bonds US$'000	Share option reserve US$'000	Merger reserve (Note 21(a)) US$'000	Other reserves (Note 21(b)) US$'000	Exchange reserve US$'000	Accumulated losses US$'000	Total US$'000	Non-controlling interest US$'000	Total equity US$'000
Balance at 1 April 2019	1,221	54,663	38,954	708	(63,808)	13,636	(3,432)	(8,829)	33,113	3,988	37,101
Comprehensive (loss)/income											
(Loss)/profit for the year	—	—	—	—	—	—	—	(10,209)	(10,209)	233	(9,976)
Other comprehensive loss											
Currency translation differences	—	—	—	—	—	—	(2,039)	—	(2,039)	(202)	(2,241)
Total comprehensive (loss)/income	—	—	—	—	—	—	(2,039)	(10,209)	(12,248)	31	(12,217)
Balance at 31 March 2020	1,221	54,663	38,954	708	(63,808)	13,636	(5,471)	(19,038)	20,865	4,019	24,884

The accompanying notes are an integral part of this consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Attributable to owners of the Company										
	Share capital US$'000	Share premium US$'000	Convertible Bonds reserve US$'000	Share option reserve US$'000	Merger reserve (Note 21(a)) US$'000	Other reserves (Note 21(b)) US$'000	Exchange reserve US$'000	Accumulated losses US$'000	Total US$'000	Non-controlling interest US$'000	Total equity US$'000
Balance at 1 April 2020	1,221	54,663	38,954	708	(63,808)	13,636	(5,471)	(19,038)	20,865	4,019	24,884
Comprehensive (loss)/income											
(Loss)/profit for the year	—	—	—	—	—	—	—	(3,258)	(3,258)	126	(3,132)
Other comprehensive income											
Currency translation differences	—	—	—	—	—	—	3,215	—	3,215	318	3,533
Total comprehensive income/(loss)	—	—	—	—	—	—	3,215	(3,258)	(43)	444	401
Exercise of share options (Note 20(ii))	—	21	—	(6)	—	—	—	—	15	—	15
Balance at 31 March 2021	1,221	54,684	38,954	702	(63,808)	13,636	(2,256)	(22,296)	20,837	4,463	25,300

The accompanying notes are an integral part of this consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Note	2021 US$'000	2020 US$'000
Cash flows from operating activities			
Cash generated from operations	26(a)	2,666	2,399
Income tax paid		(118)	—
Net cash generated from operating activities		2,548	2,399
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,901)	(2,093)
Interest received		—	1
Net cash used in investing activities		(2,901)	(2,092)
Cash flows from financing activities			
Exercise of share options	20(ii)	15	—
Proceeds from loan from the ultimate holding company		3,200	2,800
Proceed from loan from a financial institution		—	4,206
Proceed from a bank borrowing		513	—
Repayment of loan from a financial institution		(1,000)	(750)
Repayments of bank borrowings		(2,890)	(10,400)
Interest paid		(601)	(1,078)
Increase in pledged deposit		—	(500)
Decrease in pledged bank deposits		1,070	3,083
Net cash generated from/(used in) financing activities		307	(2,639)
Net decrease in cash and cash equivalents		(46)	(2,332)
Cash and cash equivalents at beginning of year		266	2,597
Exchange (losses)/gains on cash and cash equivalents		(2)	1
Cash and cash equivalents at end of year	18	218	266

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

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

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

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

These financial statements are presented in United States dollars ("US$"), unless otherwise stated.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and the disclosure requirements of Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 to the consolidated financial statements.

2.1.1 Going concern basis

The Group recorded a net loss attributable to owners of the Company of US$3,258,000 for the year ended 31 March 2021, and as at 31 March 2021, the Group's current liabilities exceeded its current assets by US$64,524,000, which included borrowings and loans of US$7,008,000 repayable within one year and convertible bonds of US$53,154,000 that would mature in May 2021, while the Group's cash and cash equivalents balance was US$218,000.

Subsequent to 31 March 2021, the Group was in default under the terms and conditions of the relevant agreement of the convertible bonds for an aggregate principal amount of US$54,000,000 that were not settled in full on the maturity date of 10 May 2021.

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Going concern basis (Continued)

This event of default also resulted in cross-default of (i) a loan from a financial institution with an amount of US$990,000 with original contractual repayment dates of within one year and amount of US$1,522,000 with original contractual repayment dates after one year from 31 March 2021; (ii) loan from a financial institution with a total principal amount of US$14,750,000 obtained subsequent to 31 March 2021 with a principal amount of US$2,610,000 with an original contractual repayment date of within one year and principal amount of US$12,140,000 with original contractual repayment dates after one year from 31 March 2021, that would become immediately repayable in accordance with the relevant loan agreements; and (iii) loans from the ultimate holding company of US$3,767,000 with original contractual repayment dates of within one year and US$10,662,000 with original contractual repayment dates after one year from 31 March 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) On 30 April 2021, the Group borrowed new loan from a financial institution for a principal amount of US$14,750,000 repayable by instalment over five years maturing in May 2026. The proceeds from the new loan was partially used for the repayment of bank borrowings of US$10,013,000 as at 31 March 2021 (US$2,083,000 was contractually repayable within one year and US$7,930,000 was contractually repayable after one year from 31 March 2021). The new loan of USD$14,750,000 was secured by two vessels of the Group which were released after the full settlement of the abovementioned original bank borrowings. However, as a result of the cross-default event mentioned above, such new loan of US$14,750,000 became immediately repayable.

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Going concern basis (Continued)

(ii) Subsequent to the maturity date of the convertible bonds, the Group repaid a principal amount of US$2,000,000 out of the aggregate principal amount of US$54,000,000 of the convertible bonds. The Group has been actively discussing the settlement plan of the remaining principal amount with the bond holder. The directors represented that, based on the latest communication with the bond holder, the Group and the bond holder intended to extend the settlement date of the remaining principal amount of US$52,000,000 such that it will be repaid by two installments, of US$17,000,000 and US$35,000,000 within two months after the date of formal agreement of the settlement plan and no later than 31 December 2021, respectively. Management is planning to raise funds through the capital market, by placement or issuance of new convertible bonds, and from other sources to finance the settlement of the remaining principal amount of the convertible bonds and the settlement plan, if agreed, will give the Group sufficient time to execute the plan.

(iii) 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 financial statements, 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.

(iv) The ultimate holding company of the Group, together with the Company's two directors, Mr. Yan Kim Po ("Mr. Yan") and Ms. Lam Kwan ("Ms. Lam"), (collectively, the "Guarantors"), entered into a deed of funding undertakings to provide funding to the Group on 31 March 2019. The funding notice request could be issued at the discretion of the Company to the ultimate holding company and the Guarantors and the total amount of funding undertakings shall not exceed US$30,000,000. The deed was renewed on 30 September 2020 to extend the period of funding notice to 30 September 2022 with other major terms and conditions remaining 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 2022) 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.

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Going concern basis (Continued)

(iv) (Continued)

As at 31 March 2021, the Group had obtained a total principal amount of loans totaling US$13,500,000 from the ultimate holding company (of which US$10,500,000 was obtained under the terms of the deed). Out of such balance, US$3,500,000 of the loan balance is repayable by 31 March 2022 with the remaining balance repayable by June 2022 and January 2023. On 31 March 2021, the ultimate holding company confirmed its intention to extend the maturity of the loan of US$3,500,000 for 2 years upon its maturity on 31 March 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 31 March 2022.

As at 31 March 2021, the amount of funding available under the deed of funding undertakings was US$19,500,000. Immediately upon the cross-default event mentioned above, the ultimate holding company has granted a waiver of its rights arising from the events of cross-default to the Group. 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$19,500,000 from the deed of funding undertaking.

(v) 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.

(vi) 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.

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Going concern basis (Continued)

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 31 March 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 31 March 2021. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements 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 bond holder will agree to extend the settlement date of the remaining principal amount; and that 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 in accordance with the settlement plan;

(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$19,500,000 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 31 March 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 pandemic and generate sufficient operating cash inflow; and

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

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Going concern basis (Continued)

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 consolidated financial statements.

2.1.2 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing on 1 April 2020:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Conceptual Framework for Financial Reporting 2018	Revised conceptual Framework for Financial Reporting

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.3 New and amended standards and guidelines not yet effective for the financial year beginning on 1 April 2020 and had not been early adopted by the Group

		Effective for accounting periods beginning on or after
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2	1 April 2021
Amendments to Annual Improvements Project	Annual Improvements to HKFRSs 2018–2020	1 April 2022
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments	1 April 2022
Amendments to HKFRS 16	COVID-19 Related Rent Concessions	1 October 2020
Accounting Guideline 5 (revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations	1 April 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 April 2023
HKFRS 17	Insurance Contracts	1 April 2023
Hong Kong Interpretations 5 (2020)	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
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group's management assessed that there are no new or amendments to standards and accounting guidelines 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.

2 Summary of significant accounting policies (Continued)

2.2 Principles of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and consolidated statement of financial position respectively.

(b) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in an associate is reduced but joint amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2 Summary of significant accounting policies (Continued)

2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

2 Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive director of the Company that makes strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in US$, which is the Company's functional and the Group's presentation currency.

2 Summary of significant accounting policies (Continued)

2.6 Foreign currency translation (Continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2 Summary of significant accounting policies (Continued)

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

— Vessels	25 years
— Office equipment	3–5 years
— Leasehold improvement	3 years
— Motor vehicles	4 years

Vessel component costs include the cost of major components which are usually replaced or renewed at dry dockings. This cost is depreciated over the period to the next dry docking. Costs incurred on subsequent dry docking of vessel are capitalised as part of the cost of vessel and depreciated on a straight-line basis over the estimated period until the next dry docking.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within "other gains" in the consolidated statement of comprehensive income.

2 Summary of significant accounting policies (Continued)

2.8 Investment properties

Investment property, principally comprising leasehold land, is held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuer. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated statement of comprehensive income as part of a valuation gain or loss in "other gains".

2.9 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The fair values of vessels are determined either by the market valuation or by independent valuers. The value in use of the vessels represents estimated future cash flows from the continuing use of the vessels. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2 Summary of significant accounting policies (Continued)

2.10 Financial assets

(i) Classification

The Group classifies its financial assets to be measured at amortised cost.

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

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1(b) for further details.

2 Summary of significant accounting policies (Continued)

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade receivables and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.14 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 Summary of significant accounting policies (Continued)

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in consolidated statement of comprehensive income in the period in which they are incurred.

2.18 Convertible bonds

Convertible bonds with equity component

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component, which is included in shareholders' equity in "Convertible bonds". Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

2 Summary of significant accounting policies (Continued)

2.18 Convertible bonds (Continued)

Convertible bonds with equity component (Continued)

The liability component of a convertible instrument is classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.19 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Inside basis difference

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

2 Summary of significant accounting policies (Continued)

2.19 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Outside basis difference

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.20 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(b) Retirement benefit obligations

The Group operates the defined contribution pension plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

2 Summary of significant accounting policies (Continued)

2.20 Employee benefits (Continued)

(b) Retirement benefit obligations (Continued)

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as 'employee benefit expense' when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The employees of the Group's subsidiary which operates in the People's Republic of China (the "PRC") is required to participate in a central pension scheme operated by the local municipal government. The subsidiary is required to contribute to the central pension scheme at a fixed rate of the employees' salary costs. The contributions are charged to the consolidated income statement as they become payable in accordance with the rules of the central pension scheme.

(c) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.21 Share-based payments

(a) Equity-settled share-based payment transactions

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

2 Summary of significant accounting policies (Continued)

2.21 Share-based payments (Continued)

(a) Equity-settled share-based payment transactions (Continued)

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

(b) Share-based payment transactions among group entities

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiaries undertakings, with a corresponding credit to equity in the parent entity accounts.

2.22 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 Summary of significant accounting policies (Continued)

2.23 Revenue recognition

Revenues are recognised when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods and services.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer;
- the Group's efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs.

Incremental costs incurred to obtain a contact, if recoverable, are capitalised as contract assets and subsequently amortised when the related revenue is recognised.

Revenue from chartering of vessels

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.

When either party to a contract has performed, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

2 Summary of significant accounting policies (Continued)

2.23 Revenue recognition (Continued)

Revenue from chartering of vessels (Continued)

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due from the customer).

2.24 Leases

Payments associated with short-term leases of premises and all leases of low-value assets are recognised on a straight-line basis as an expense in consolidated statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

2.25 Interest income

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.26 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Market risk

(i) Foreign exchange risk

Foreign currency risk is the risk that the value of a financial instrument fluctuates because of the changes in foreign exchange rates.

The operation of the Group's vessel chartering business and property investment and development business are primarily in US$ and Renminbi ("RMB") respectively, with small extent in Hong Kong dollars ("HK$"). Foreign exchange risk arises when recognised financial assets and liabilities are denominated in a currency that is not the entity's functional currency.

The financial assets and liabilities of the subsidiaries of the Group in Hong Kong and the PRC are primarily denominated in US$ and RMB, respectively. As US$ is pegged with HK$ under the Linked Exchange Rate System and the Group does not have significant foreign currency transactions and balances, management believes that the exchange rate risk for translation between HK$ and US$, and RMB and US$ do not have material impact to the Group. Foreign currency sensitivity analysis is not presented.

(ii) Cash flow and fair value interest rate risk

The Group is exposed to fair value interest rate risk arising from loan from the ultimate holding company (Note 22) and convertible bonds (Note 24). The Group is also exposed to cash flow interest risk arising from floating rate bank borrowings and loan from a financial institution (Note 22), net-off by bank deposits.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuations of London Interbank Offered rate ("LIBOR") and Hong Kong Dollars Best Lending Rate ("Prime Rate") arising from the Group's variable-rate bank borrowings and loan from a financial institution respectively.

Except for the loan from the ultimate holding company bearing a fixed interest rate at 4% per annum and bank borrowings and loan from a financial institution bearing floating interest rates, the Group has no significant interest-bearing assets and liabilities. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact resulted from the changes in interest rates.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Cash flow and fair value interest rate risk (Continued)

As at 31 March 2021, if interest rates on bank borrowings and loan from a financial institution had been fluctuated by 30 basis points with all other variables held constant, the Group's post-tax loss for the year would have been affected by US$38,000 (2020: US$49,000), mainly as a result of fluctuation on interest expense on variable rate bank borrowings and loan from a financial institution.

(b) Credit risk

Credit risk is managed on a group basis. The Group's credit risk mainly arises from cash and cash equivalents, deposits with banks and a financial institution, trade receivables, deposits and other receivables, including amounts due from related companies. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. Management has policies in place to monitor the exposures to these credit risks on an on-going basis.

For cash and cash equivalents and deposits with banks and a financial institution, they are all deposited or traded with high quality financial institutions without significant credit risk.

Apart from major customers disclosed in Note 5, management considered there is no significant concentration of credit risk. The Group has put in place policies to ensure that services are provided to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which permits the uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivable has been grouped based on shared credit risk characteristics and the days past due.

The Group recognised lifetime expected loss provision for all trade receivables carried at amortised cost based on either individually customers who are long overdue with significant amounts or known insolvencies or non-response to collection activities, or collectively assessing them for likelihood of recovery based on ageing of the balances with similar risk characteristics taking into account the forward looking information.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Management reviews the recoverable amount of each individual trade receivable regularly, if any, to ensure that adequate impairment losses are recognised for irrecoverable amounts. In this regard, the management considers that the Group's credit risk is significantly reduced. The loss allowance provision as at 31 March 2021 and 2020 is illustrated as below:

	Lifetime expected loss rate	Gross carrying amount US$'000	Lifetime expected credit loss US$'000	Net carrying amount US$'000
As at 31 March 2021				
Individual assessment	**100%**	**31**	**(31)**	**—**
Collective assessment				
Current				
1 to 30 days past due	**0%**	**1,106**	**—**	**1,106**
31 to 60 days past due	**0%**	**3**	**—**	**3**
61 to 365 days past due	**0%**	**21**	**—**	**21**
		1,130	**—**	**1,130**
As at 31 March 2020				
Individual assessment	100%	31	(31)	—
Collective assessment				
Current		—	—	—
1 to 30 days past due	0%	694	—	694
31 to 60 days past due	0%	14	—	14
61 to 365 days past due	0%	46	—	46
		754	—	754

The credit quality of deposits and other receivables including amounts due from related companies have been assessed with reference to historical information about the counterparties default. Management does not believe the credit risk are significant, considering the existing related parties do not have defaults in the past and management does not expect any losses from non-performance by these counterparties.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

The amount of net current liabilities of the Group is approximately US$64,524,000 as at 31 March 2021, which causes the Group in significant liquidity risk. At the end of the reporting period, the Group has taken appropriate measures as set out in Note 2.1.1 to mitigate such liquidity risk.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	US$'000	US$'000	US$'000	US$'000
At 31 March 2021				
Borrowings and loans	**7,008**	**20,371**	**88**	**27,467**
Interest on borrowings and loans	**521**	**857**	**—**	**1,378**
Convertible bonds	**54,000**	**—**	**—**	**54,000**
Other payables and accruals	**7,361**	**—**	**—**	**7,361**
At 31 March 2020				
Borrowings and loans	10,104	7,536	9,451	27,091
Interest on borrowings and loans	913	788	261	1,962
Convertible bonds	—	54,000	—	54,000
Other payables and accruals	7,224	—	—	7,224

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditure and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, repurchase the Company's shares, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debts divided by total assets. Total debts are calculated as total borrowings, loans and convertible bonds. As at 31 March 2021, the gearing ratio is 61.5% (2020: 61.0%).

3 Financial risk management (Continued)

3.3 Fair value estimation

The carrying amounts for the Group's financial assets, including trade receivables, deposits and other receivables, pledged deposit, pledged bank deposits, and cash and cash equivalents and current financial liabilities, including other payables and accruals, borrowings and loans and convertible bonds approximate their fair values.

The fair values of the bank borrowings and loan from a financial institution as at 31 March 2021 approximate their carrying amounts as they bear interest at floating rates that are market dependent.

4 Critical accounting estimates and judgements

The Group's management makes assumptions, estimates and judgements in the process of applying the Group's accounting policies that affect the assets, liabilities, income and expenses in the consolidated financial statements prepared in accordance with HKFRSs. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The matters described below are considered to be the most critical in understanding the estimates and judgements that are involved in preparing the Group's consolidated financial statements.

(a) Going concern consideration

In the process of applying the Group's accounting policies, apart from those involving estimations, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the financial statements. The assessment of the going concern assumption involves making a judgement by the directors of the Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors consider that the Group has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt upon the going concern assumption are set out in note 2.1.1 to the consolidated financial statements.

4 Critical accounting estimates and judgements (Continued)

(b) Impairment of non-financial assets

At each period end of financial reporting period, the Group and Company review internal and external sources of information to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the consolidated statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amounts. If an indication of impairment is identified, the Group is required to estimate the recoverable value, representing the greater of the asset's fair value less cost to sell or its value in use. Changes in any of these estimates could result in a material change to the asset carrying amount in the financial statements.

(c) Fair value of investment properties

The fair values of the investment properties are determined at the end of each reporting period by an independent valuer based on a market value assessment. The valuer has relied on the direct comparison method as the primary method, supported by the residual method. Management also determines fair value based on active market prices and adjusted if necessary for any difference in nature, location or conditions of the specific asset, and uses alternative valuation methods such as recent prices on less active markets.

Details of the judgement and assumptions have been disclosed in Note 15.

(d) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected credit loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1(b).

4 Critical accounting estimates and judgements (Continued)

(e) Current and deferred income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences would impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

5 Segment information

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

The operating segments comprise:

— Chartering of vessels

— Property investment and development

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

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

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

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

5 Segment information (Continued)

(a) Segment revenue, results and other information

	Chartering of vessels US$'000	Property investment and development US$'000	Others US$'000	Total US$'000
Year ended 31 March 2021				
Revenue recognised over time	**12,454**	**—**	**—**	**12,454**
Depreciation of property, plant and equipment	**(3,386)**	**(36)**	**—**	**(3,422)**
Reversal of impairment losses on property, plant and equipment	**2,447**	**—**	**—**	**2,447**
Finance costs	**(651)**	**(4,807)**	**(503)**	**(5,961)**
Segment profit/(loss) before income tax	**1,550**	**(2,853)**	**(1,104)**	**(2,407)**
Income tax expense				**(725)**
Loss for the year				**(3,132)**
Year ended 31 March 2020				
Revenue recognised over time	12,225	—	—	12,225
Depreciation of property, plant and equipment	(3,425)	(42)	—	(3,467)
Impairment losses on property, plant and equipment	(6,320)	—	—	(6,320)
Finance income	1	—	—	1
Finance costs	(1,162)	(4,372)	(330)	(5,864)
Segment loss before income tax	(7,216)	(801)	(968)	(8,985)
Income tax expense				(991)
Loss for the year				(9,976)

5 Segment information (Continued)

(b) Segment assets

	Chartering of vessels US$'000	Property investment and development US$'000	Others US$'000	Total US$'000
As at 31 March 2021				
Segment assets	**56,567**	**74,272**	**191**	**131,030**
As at 31 March 2020				
Segment assets	56,758	66,579	254	123,591

(c) Geographical information

Due to the nature of the provision of vessels 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.

(d) Information about major customers

Revenue arising from the provision of vessels chartering and other related services for individual customers during the year contributing over 10% of total revenue of the Group is as follows:

	2021 US$'000	2020 US$'000
Customer A	**8,136**	5,114
Customer B	**2,574**	2,060
Customer C	**1,165***	2,744
Customer D	**—***	2,155
	11,875	12,073

* Revenue arising from the provision of vessels chartering services for Customer C and Customer D in 2021 contributed less than 10% of total revenue of the Group.

(e) Contract liabilities related to the contracts with customers

As at 31 March 2021, contract liabilities included in other payables and accruals amounted to approximately US$81,000 (2020: US$165,000).

6 Other gains

	2021 US$'000	2020 US$'000
Fair value gains on investment properties (Note 15)	2,215	3,962

7 Other income

	2021 US$'000	2020 US$'000
Government grants (Note)	71	—
Sundry income	6	17
	77	17

Note:

Government grants recognised were primarily related to the subsidies from the Hong Kong Government under the Anti-epidemic Fund. There were no unfulfilled conditions and other contingencies attached to the receipts of the grants.

8 Expenses by nature

Loss before income tax is stated after charging the following:

	2021 US$'000	2020 US$'000
Depreciation of property, plant and equipment (Note 14)	3,422	3,467
Crew expenses (included in cost of services)	3,186	3,164
Operating lease rental for land and buildings	246	313
Auditor's remuneration — audit services	200	173
Employee benefit expense (including directors' emoluments) (Note 10)	1,321	1,397

9 Finance costs — net

	2021 US$'000	2020 US$'000
Finance income		
— Interest income	—	1
Finance costs		
— Arrangement fee on borrowings and loans	66	86
— Interest expense on borrowings and loans	1,088	1,406
— Interest expense on convertible bonds — non-cash (Note 24)	4,807	4,372
	5,961	5,864
Finance costs — net	5,961	5,863

10 Employee benefit expense

	2021 US$'000	2020 US$'000
Fee, salaries and other benefits	1,299	1,363
Post-employment benefit — defined contribution plans	22	34
	1,321	1,397

Five highest paid individuals

Of the five individuals with the highest remunerations in the Group, three (2020: three) were directors of the Company whose emoluments are reflected in analysis shown in Note 31. The emoluments of the remaining two (2020: two) individuals were as follows:

	2021 US$'000	2020 US$'000
Salaries	273	273
Post-employment benefit — defined contribution plans	5	5
	278	278

10 Employee benefit expense (Continued)

Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	Number of individuals	
	2021	2020
HK$500,000 to HK$1,000,000 (equivalent to US$64,103 to US$128,205)	**1**	1
HK$1,000,001 to HK$1,500,000 (equivalent to US$128,206 to US$192,308)	**1**	1

No emoluments were paid or payable to the directors and above highest paid individuals as an inducement to join the Group during the years ended 31 March 2021 and 2020.

11 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2020: same) on the estimated assessable profit for the year. The subsidiary established in the PRC is subject to corporate income tax rate of 25% (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.

	2021 US$'000	2020 US$'000
Current income tax		
— Hong Kong profits tax	**6**	—
Under provision in prior years		
— Hong Kong profits tax	**165**	—
Deferred income tax (Note 23)	**554**	991
Income tax expense	**725**	991

11 Income tax expense (Continued)

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:

	2021 US$'000	2020 US$'000
(Loss)/profit before income tax	(2,407)	(8,985)
Calculated at taxation rate of 16.5% (2020: same)	(397)	(1,482)
Effect of different tax rate for PRC entities	166	304
Deemed profits tax for assessable profit of a subsidiary	12	—
Effect of different tax rate for a subsidiary (Note)	(6)	—
Income not subject to tax	(2,087)	(2,017)
Expenses not deductible for tax purposes	2,807	3,881
Under provision in prior year	165	—
Tax losses not recognised	65	305
Income tax expense	725	991

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profit is probable.

As at 31 March 2020, the Group had estimated unused tax losses of approximately US$13,973,000 available for offset against future profits. The tax losses were subject to the final assessment by the tax authorities in the respective jurisdictions where the tax losses arising from. No deferred tax asset has been recognised in respect of the estimated unused tax losses due to the unpredictability of future profit streams.

During the year ended 31 March 2021, the Inland Revenue Department of Hong Kong had completed the tax review of a subsidiary of the Group, and issued the final assessments where an amount of estimated unused tax losses of US$12,056,000 cannot be realised and therefore were no longer carried forward.

As at 31 March 2021, the Group did not recognise deferred income tax assets in respect of losses amounting to US$1,917,000 that will expire in 1 to 5 years (2019: US$12,452,000 of which US$1,658,000 will expire in 1 to 5 years while the remaining tax losses of US$10,794,000 are without expiry date).

Note:

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, 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 year ended 31 March 2021, 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%.

12 Loss per share

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2021 US$'000	2020 US$'000
Loss attributable to owners of the Company	(3,258)	(10,209)

	Number	Number
Weighted average number of ordinary shares in issue (thousands)	952,535	952,514

(b) Diluted loss per share

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

Diluted loss per share for the years ended 31 March 2021 and 31 March 2020 equal basic loss per share as the potential ordinary shares are anti-dilutive.

13 Dividends

The directors do not recommend the payment of a final dividend for the year ended 31 March 2021 (2020: same).

14 Property, plant and equipment

	Vessels US$'000	Office equipment US$'000	Motor vehicles US$'000	Leasehold Improvement US$'000	Total US$'000
At 1 April 2019					
Cost	183,838	55	111	27	184,031
Accumulated depreciation	(63,083)	(30)	(49)	(17)	(63,179)
Accumulated impairment losses	(62,957)	—	—	—	(62,957)
Net book amount	57,798	25	62	10	57,895
Year ended 31 March 2020					
Opening net book amount	57,798	25	62	10	57,895
Addition	2,093	—	—	—	2,093
Impairment losses (Note)	(6,320)	—	—	—	(6,320)
Depreciation charge (Note 8)	(3,425)	(7)	(26)	(9)	(3,467)
Exchange difference	—	(1)	(3)	—	(4)
Closing net book amount	50,146	17	33	1	50,197
At 31 March 2020					
Cost	185,931	53	106	26	186,116
Accumulated depreciation	(66,508)	(36)	(73)	(25)	(66,642)
Accumulated impairment losses	(69,277)	—	—	—	(69,277)
Net book amount	50,146	17	33	1	50,197
Year ended 31 March 2021					
Opening net book amount	**50,146**	**17**	**33**	**1**	**50,197**
Addition	**2,901**	—	—	—	**2,901**
Reversal of impairment losses (Note)	**2,447**	—	—	—	**2,447**
Depreciation charge (Note 8)	**(3,386)**	**(8)**	**(27)**	**(1)**	**(3,422)**
Exchange difference	—	**1**	**2**	—	**3**
Closing net book amount	**52,108**	**10**	**8**	—	**52,126**
At 31 March 2021					
Cost	**188,832**	**56**	**114**	**28**	**189,030**
Accumulated depreciation	**(69,894)**	**(46)**	**(106)**	**(28)**	**(70,074)**
Accumulated impairment losses	**(66,830)**	—	—	—	**(66,830)**
Net book amount	**52,108**	**10**	**8**	—	**52,126**

Depreciation expenses of approximately US$3,386,000 (2020: US$3,425,000) and US$36,000 (2020: US$42,000) have been charged in 'cost of services' and 'general and administrative expenses' respectively.

14 Property, plant and equipment (Continued)

As at 31 March 2021, the Group's vessels of US$52,108,000 (2020: US$50,146,000) were pledged as security for a bank borrowing and loan from a financial institution (Note 22).

Management regards each individual vessel as a separately identifiable cash-generation unit. The Group usually enters charter hire contracts for periods of 3 to 6 months in the spot market.

In assessing the reversal of impairment losses, internal and external sources of information are considered in assessing the fair market value and value-in-use. These include market valuations from a leading, independent and internationally recognised shipbroking company, increasing trend in market index, increasing trend in fair value of vessels and the performance of the Group's vessels. The value-in-use of the vessels is assessed based on assumptions and estimates of vessels' future earnings and appropriate pre-tax discount rates to derive the present value of those earnings. The discount rates used are based on the industry sector risk premium relevant to the CGU and the applicable gearing ratio of the CGU. The fair values of the vessels were primarily determined based on the direct comparison method by making reference to the recent sale transactions of similar vessels with similar age and condition (Level 2).

During the year ended 31 March 2021, as indicated by the rebound of the Baltic Dry Index, the dry bulk market recovered considerably. Since the recoverable amounts of the vessels, based on fair value less cost of disposal, were higher than their carrying amounts at 31 March 2021, a reversal of impairment losses of US$2,447,000 was recognised in the consolidated statement of comprehensive income for the year ended 31 March 2021 (2020: impairment losses of US$6,320,000).

15 Investment properties

	2021 US$'000	2020 US$'000
At fair value		
Opening net book amount	**66,336**	65,701
Fair value gain (Note 6)	**2,215**	3,962
Exchange difference	**5,255**	(3,327)
Closing net book amount	**73,806**	66,336

The above investment properties are commercial properties under development in the Hainan province, the PRC.

As at 31 March 2021, the Group had no significant unprovided contractual obligations for future repairs and maintenance (2020: same).

The Group's investment properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties through use. The Group has measured the deferred tax relating to the temporary differences of these investment properties using the tax rates and the tax bases that are consistent with the expected manner of recovery of these investment properties.

15 Investment properties (Continued)

The fair value measurement information for these investment properties is in accordance with HKFRS 13 based on significant unobservable inputs (Level 3) as at 31 March 2021 and 2020.

There were no transfers among Level 1, Level 2 and Level 3 during the year (2020: same).

Valuation processes of the Group

The Group's investment properties were valued at 31 March 2021 and 2020 by an independent professionally qualified valuer who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued.

Discussions of valuation processes and results are held between the chief financial officer and the valuer at least once every six months, in line with the Group's interim and annual reporting dates. As at 31 March 2021, the fair values of the properties have been determined by Vincorn Consulting & Appraisal Limited (2020: same).

Valuation techniques

Fair values of investment properties of the Group are generally derived using the direct comparison method. Given the unique nature and lack of recent transaction of certain properties, significant adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration. The significant unobservable inputs include:

Time adjustment:	Based on market trend of similar property between the transaction date of the comparable and the valuation date.
Location adjustment:	Based on the distant to the city centre, the development of the transport network and other community facility service.
Land use right adjustment:	Based on the best use of the property for the highest value in the market.
Size adjustment:	Based on the buildable area of the property.

15 Investment properties (Continued)

Valuation techniques (Continued)

Unobservable inputs	Range of unobservable input	Relationship of unobservable inputs to fair value
Time adjustment	0% to 24% (2020: 0% to 10%)	The upward market trend will have positive impact on adjustment and thus increase in fair value.
Location adjustment	−15% to −10% (2020: −20% to 10%)	The better location will have positive impact on adjustment, thus increase in fair value.
Land use right adjustment	−10% to 0% (2020: −5% to 5%)	The better designated use of the property will have positive impact on adjustment, thus increase in fair value.
Size adjustment	−6.5% to −3.3% (2020: −5% to 5%)	The increase in buildable area will have positive impact on total adjustment, thus increase fair value. However, this may be partially offset by a negative impact on adjustment per unit.

Note:

The Group intends to use the investment properties for the development of villas, low-rise apartments, and office, retail, carparking and other ancillary facilities, which is yet to be approved by the local government and whether additional land premium is required is uncertain.

Should the intended uses be impermissible under the current legal and planning framework or additional land premium needs to be settled for achieving such intended uses, the value of the investment properties may be adjusted.

There were no changes in valuation methodologies during the year.

16 Subsidiaries

The following is a list of principle subsidiaries as at 31 March 2021:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/registered capital	Interest held by the Company Directly	Interest held by the Company Indirectly	Interest held by the non-controlling interest
Bryance Group Limited	British Virgin Islands	Provision of marine transportation services	10,000 ordinary shares of US$1 each	100% (2020: same)	—	— (2020: same)
Joy Ocean Shipping Limited	British Virgin Islands	Provision of marine transportation services	10,000 ordinary shares of US$1 each	100% (2020: same)	—	— (2020: same)
Way Ocean Shipping Limited	British Virgin Islands	Provision of marine transportation services	10,000 ordinary shares of US$1 each	100% (2020: same)	—	— (2020: same)
Union Apex Mega Shipping Limited	Hong Kong	Provision of agency services	50,000 ordinary shares of HK$1 each	100% (2020: same)	—	— (2020: same)
United Edge Holdings Limited	British Virgin Islands	Provision of marine transportation services	10,000 ordinary shares of US$1 each	100% (2020: same)	—	— (2020: same)
海南華儲實業有限公司	PRC liability company	Property investment and development in the PRC	Registered capital of Renminbi 4,800,000	— (2020: same)	91%	9% (2020: same)

17 Trade receivables, deposits, prepayments and other receivables

	2021 US$'000	2020 US$'000
Trade receivables	1,161	785
Less: Provision for impairment of trade receivables	(31)	(31)
Trade receivables, net	1,130	754
Prepayments	716	268
Deposits	598	1,640
Other receivables	441	1,065
Other receivables due from related companies	8	8
	2,893	3,735
Less: non-current pledged deposit	(500)	(500)
	2,393	3,235

17 Trade receivables, deposits, prepayments and other receivables (Continued)

Note:

As at 31 March 2021, a cash deposit of US$500,000 (2020: same) was pledged as security for loan from a financial institution of US$2,512,000 (2020: US$3,495,000). The deposit bears interest at 1.5% per annum.

As at 31 March 2021 and 2020, the ageing analysis of the trade receivables based on invoice date were as follows:

	2021 US$'000	2020 US$'000
0–30 days	1,106	694
31–60 days	3	14
61–90 days	—	12
91–365 days	2	34
Over 365 days	50	31
	1,161	785

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 31 March 2021, trade receivables of US$31,000 (2020: same) were impaired.

18 Cash and bank balances

	2021 US$'000	2020 US$'000
Current		
Pledged bank deposits	515	913
Cash at bank and on hand	218	266
	733	1,179
Non-current		
Pledged bank deposits	1,472	2,144
Cash and bank balances	2,205	3,323
Cash and cash equivalents	218	266

18 Cash and bank balances (Continued)

The cash and cash equivalents amounted to US$218,000 (2020: US$266,000) for the purpose of the consolidated statement of cash flows. The carrying values of the cash and bank balances approximate their fair values.

As at 31 March 2021, the Group's bank deposits of US$1,987,000 (2020: US$3,057,000) were pledged as security for a bank borrowing and a loan from a financial institution. Among the pledged bank deposits, US$515,000 (2020: US$913,000) are of restricted use for daily operation subject to the approval from a bank and a financial institution. In case of default under the loan agreements, the bank and the financial institution have the right to seize the pledged bank deposits.

Cash at banks earns interest either at floating rates based on daily bank deposit rates or fixed rates determined at deposit dates.

Cash and cash equivalents and pledged bank deposits are denominated in the following currencies:

	2021 US$'000	2020 US$'000
US$	2,178	3,314
HK$	25	9
RMB	2	—
	2,205	3,323

19 Share capital

	2021 Number of shares (thousands)	2021 Amount HK$'000	2020 Number of shares (thousands)	2020 Amount HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	4,000,000	40,000	4,000,000	40,000

19 Share capital (Continued)

Ordinary shares, issued and fully paid:

	Number of shares (thousands)	Share capital US$'000
At 1 April 2019 and 31 March 2020	952,514	1,221
Exercise of share options (Note 20(ii))	100	—
At 31 March 2021	952,614	1,221

20 Share option scheme

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 19 August 2011. Under the Scheme, the Board of Directors of the Company may grant options to eligible participants (the "Participants"). Participants of the Scheme includes: (a) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any subsidiary of the Company or any entity in which any member of the Group holds any equity interests ("Invested Entity"); (b) any non-executive directors (including independent non-executive directors) of the Company, any subsidiary of the Company or any Invested Entity; (c) any supplier of goods or services to any member of the Group or any Invested Entity; (d) any customer of any member of the Group or any Invested Entity; (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group; and (i) any company wholly-owned by one or more eligible participants as referred to in (a) to (h) above.

(i) Share options outstanding at the end of the year have the following expiry date and exercise prices:

Date of grant	Exercise price HK$	Expiry date	Number of options (thousands) 2021	2020
21 October 2011	1.15	20 October 2021	**6,200**	6,200
30 April 2015	1.20	29 April 2025	**4,850**	4,950
Total share options			**11,050**	11,150

20 Share option scheme (Continued)

(ii) Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2021		2020	
	Weighted average exercise price in HK$ per share option	Number of options (thousands)	Weighted average exercise price in HK$ per share option	Number of options (thousands)
At 1 April	1.17	11,150	1.17	11,150
Granted	—	—	—	—
Exercised	1.20	(100)	—	—
Lapsed	—	—	—	—
At 31 March	1.17	11,050	1.17	11,150

The outstanding options were vested and exercisable. Options exercised during the year ended 31 March 2021 resulted in 100,000 shares being issued at a weighted average exercise price of HK$1.20 per share with exercise proceeds of HK$120,000 (equivalent to approximately US$15,000). The related weighted average share price at time of exercise during the year was HK$2.24.

21 Reserves

(a) Merger reserve

The merger reserve of the Group was created as a result of: (a) acquisition of the Top Build Group Ltd under common control in 2017; and (b) the difference between the aggregate nominal value of the share capital of the subsidiaries acquired pursuant to a corporate reorganization, which was completed on 13 September 2010, in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited, over the nominal value of the share capital of the Company issued in exchange thereof.

(b) Other reserves

Other reserves represent capitalisation of amounts due to certain directors, who are the ultimate controlling shareholders of the Company.

22 Borrowings and loans

	2021 **US$'000**	2020 US$'000
Non-current		
— Bank borrowings (Note i)	**8,275**	10,013
— Loan from a financial institution (Note ii)	**1,522**	2,512
— Loan from the ultimate holding company (Note iii)	**10,662**	4,462
	20,459	16,987
Current		
— Bank borrowings (Note i)	**2,251**	2,857
— Loan from a financial institution (Note ii)	**990**	983
— Loan from the ultimate holding company (Note iii)	**3,767**	6,264
	7,008	10,104

Notes:

(i) 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.

(ii) The loan from a financial institution bears interest at floating rate that is market dependent. The carrying amount of the Group's loan from a financial institution is denominated in US$. The fair value of the loan from a financial institution approximates its carrying amounts.

(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 31 March 2021, the Group's bank borrowings (other than the bank borrowing obtained under the SME Financing Guarantee Scheme) and loan from a financial institution were secured by the Group's property, plant and equipment of approximately US$52,108,000 (31 March 2020: US$50,146,000); and the bank borrowing obtained under the SME Financing Guarantee Scheme is secured fully by personal guarantees executed by Mr. Yan, Ms. Lam and the Government of Hong Kong (31 March 2020: nil).

22 Borrowings and loans (Continued)

The Group's borrowings and loans were repayable as follows:

	Bank borrowings		Loan from a financial institution		Loan from the ultimate holding company	
	2021 US$'000	2020 US$'000	**2021 US$'000**	2020 US$'000	**2021 US$'000**	2020 US$'000
Within 1 year	**2,251**	2,857	**990**	983	**3,767**	6,264
Between 1 and 2 years	**8,187**	2,083	**1,522**	991	**10,662**	4,462
Between 2 and 5 years	**88**	7,930	**—**	1,521	**—**	—
	10,526	12,870	**2,512**	3,495	**14,429**	10,726

23 Deferred income tax

The movement in deferred income tax liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Fair value gains US$'000
At 1 April 2019	15,615
Charged to profit or loss	991
Exchange difference	(792)
At 31 March 2020	15,814
Charged to profit or loss	554
Exchange difference	1,253
At 31 March 2021	**17,621**

24 Convertible bonds

	2021 US$'000	2020 US$'000
Top Build Convertible Bonds (Note)		
— Non-current	—	48,347
— Current	53,154	—

The movements of the liability component of Top Build Convertible Bonds for the year are set out below:

	Liability component US$'000	Total US$'000
As at 1 April 2019	43,975	43,975
Interest expense (Note 9)	4,372	4,372
At 31 March 2020	48,347	48,347
As at 1 April 2020	48,347	48,347
Interest expense (Note 9)	4,807	4,807
At 31 March 2021	53,154	53,154

Note:

On 10 May 2016, the Group issued a convertible bond with principal amount of US$54,000,000 ("Top Build Convertible Bonds) which will be 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 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.

Subsequent to 31 March 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.

25 Other payables and accruals

	2021 US$'000	2020 US$'000
Other payables and accruals	583	1,390
Contract liabilities	81	165
Other payables to related companies (Note 29(b))	6,823	5,900
	7,487	7,455

The carrying amounts of other payables and accruals approximate their fair values.

The carrying amounts of other payables and accruals are denominated in the following currencies:

	2021 US$'000	2020 US$'000
US$	364	1,351
HK$	71	—
RMB	7,052	6,104
	7,487	7,455

26 Notes to consolidated statement of cash flows

(a) Cash generated from operations

	2021 US$'000	2020 US$'000
Loss before income tax	(2,407)	(8,985)
Adjustments for:		
— Finance costs	5,961	5,864
— Finance income	—	(1)
— Depreciation on property, plant and equipment	3,422	3,467
— Fair value gains in investment properties	(2,215)	(3,962)
— (Reversal of impairment losses)/impairment losses on property, plant and equipment	(2,447)	6,320
	2,314	2,703
Changes in working capital:		
— Trade receivables, deposits, prepayments and other receivables	810	(1,568)
— Other payables and accruals	(458)	1,264
Cash generated from operations	2,666	2,399

(b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2021 US$'000	2020 US$'000
Cash and cash equivalents	218	266
Pledged deposit and pledged bank deposits	2,487	3,557
Loan from the ultimate holding company	(14,429)	(10,726)
Bank Borrowings	(10,526)	(12,870)
Loan from a financial institution	(2,512)	(3,495)
Convertible bonds	(53,154)	(48,347)
Net debt	(77,916)	(71,615)
Cash and cash equivalents	218	266
Pledged deposit and pledged bank deposits	2,487	3,557
Gross debt — fixed interest rates	(67,583)	(59,073)
Gross debt — variable interest rates	(13,038)	(16,365)
Net debt	(77,916)	(71,615)

26 Notes to consolidated statement of cash flows (Continued)

(b) Net debt reconciliation (Continued)

	Cash and cash equivalents US$'000	Pledged deposit and pledged bank deposits US$'000	Bank borrowings US$'000	Loan from a financial institution US$'000	Loan from the ultimate holding company US$'000	Convertible bonds US$'000	Net debt US$'000
Net debt as at 1 April 2019	2,597	6,140	(23,225)	—	(7,596)	(43,975)	(66,059)
Cash flows							
— Interest paid	—	—	846	232	—	—	1,078
— Proceed from loan from the ultimate holding company	—	—	—	—	(2,800)	—	(2,800)
— Proceeds from loan from a financial institution	—	—	—	(4,206)	—	—	(4,206)
— Repayment of loan from a financial institution	—	—	—	750	—	—	750
— Repayments of bank borrowings	—	—	10,400	—	—	—	10,400
— Increase in pledged deposit	—	500	—	—	—	—	500
— Decrease in pledged bank deposits	—	(3,083)	—	—	—	—	(3,083)
— Decrease in cash and cash equivalents	(2,332)	—	—	—	—	—	(2,332)
Other non-cash movements	1	—	(891)	(271)	(330)	(4,372)	(5,863)
Net debt as at 31 March 2020 and 1 April 2020	266	3,557	(12,870)	(3,495)	(10,726)	(48,347)	(71,615)
Cash flows							
— Interest paid	—	—	464	137	—	—	601
— Proceeds from loan from the ultimate holding company	—	—	—	—	(3,200)	—	(3,200)
— Proceed from a bank borrowing	—	—	(513)	—	—	—	(513)
— Repayment of loan from a financial institution	—	—	—	1,000	—	—	1,000
— Repayments of bank borrowings	—	—	2,890	—	—	—	2,890
— Decrease in pledged bank deposits	—	(1,070)	—	—	—	—	(1,070)
— Decrease in cash and cash equivalents	(46)	—	—	—	—	—	(46)
Other non-cash movements	(2)	—	(497)	(154)	(503)	(4,807)	(5,963)
Net debt as at 31 March 2021	**218**	**2,487**	**(10,526)**	**(2,512)**	**(14,429)**	**(53,154)**	**(77,916)**

27 Contingent liabilities

Save as disclosed elsewhere in the consolidated financial statements, there were no other significant contingent liabilities of the Group as at 31 March 2021 (2020: same).

28 Commitments

(a) Capital commitments

At 31 March 2021, capital expenditure contracted for but not yet incurred is as follows:

	2021 US$'000	2020 US$'000
Investment properties	284	263

(b) Operating lease commitments — as lessor

At 31 March 2021, the Group has the following future aggregate minimum lease receivables under non-cancellable operating leases in relation to chartering of vessels. There vessels chartering agreements have varying terms ranging from 3 to 6 months:

	2021 US$'000	2020 US$'000
Vessels		
Not later than one year	5,688	4,579

29 Related party transactions

The ultimate holding company of the Company is Ablaze Rich Investments Limited ("Ablaze Rich"), a company incorporated in the British Virgin Islands with limited liability. The ultimate controlling parties of Ablaze Rich are Mr. Yan Kim Po and Ms. Lam Kwan who are also the directors of the Company.

(a) Significant transactions with related parties

The Group had the following significant transactions with its related companies for the year ended 31 March 2021 and 2020.

All of the transactions were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties. They were summarised as follows:

	2021 US$'000	2020 US$'000
Interest on loan from the ultimate holding company	503	330
Rental expenses paid to Toprich (Asia) Limited (Note (i))	211	202

29 Related party transactions (Continued)

(a) Significant transactions with related parties (Continued)

Note:

(i) Toprich (Asia) Limited is ultimately wholly-owned by the ultimate controlling parties.

(b) Balances with related parties

As at 31 March 2021 and 2020, the Group had the following significant balances with its related companies.

	2021 US$'000	2020 US$'000
Other receivables due from related companies controlled by the ultimate controlling parties	8	8
Loan from the ultimate holding company (Note 22)	(14,429)	(10,726)
Other payables due to related companies which are ultimately controlled by Mr. Yin Hai (Note (i))	(3,563)	(3,305)
Others payables due to a related company controlled by the ultimate controlling parties	(3,260)	(2,595)

Other receivables due from related companies were unsecured, non-interest bearing, repayable on demand and denominated in US$.

Other payables due to related companies were unsecure, non-interest bearing, repayable on demand and denominated on US$ and HK$.

Note:

(i) Mr. Yin Hai is the brother of Mr. Yan.

(c) Transactions with key management personnel

Key management includes directors (executive and non-executive) and senior management. The compensation paid or payable to key management for employee services is shown below:

	2021 US$'000	2020 US$'000
Fees and salaries	896	896
Pension costs — defined contribution plans	12	12
	908	908

30 Statement of financial position and reserve movement of the Company

	2021 US$'000	2020 US$'000
ASSETS		
Non-current assets		
Investments in subsidiaries (Note (i))	80,604	81,382
Current assets		
Amounts due from subsidiaries (Note (i))	32,561	29,972
Deposits, prepayments and other receivables	68	66
Cash and cash equivalents	124	188
	32,753	30,226
Total assets	113,357	111,608
EQUITY/(DEFICIT)		
Equity/(deficit) attributable to owners of the Company		
Share capital	1,221	1,221
Reserves (Note (ii))	42,473	(7,732)
Total equity/(deficits)	43,694	(6,511)
LIABILITIES		
Non-current liabilities		
Loan from the ultimate holding company	10,662	4,462
Convertible bonds	—	48,347
	10,662	52,809
Current liabilities		
Other payables and accruals	72	—
Amounts due to subsidiaries	2,008	59,046
Loan from the ultimate holding company	3,767	6,264
Convertible bonds	53,154	—
	59,001	65,310
Total liabilities	69,663	118,119
Total equity and liabilities	113,357	111,608

The statement of financial position of the Company was approved by the Board of Directors on 30 June 2021 and was signed on its behalf.

Yan Kim Po	**Lam Kwan**
Director	*Director*

30 Statement of financial position and reserve movement of the Company (Continued)

Note:

(i) For the years ended 31 March 2021, US$778,000 (2020: US$862,000) was recognised for the impairment provision of investment in subsidiaries, and no impairment provision (2020: US$6,138,000) was recognised for the amounts due from subsidiaries.

(ii) Reserves

	Share premium	Convertible bonds	Share option reserve	Other reserve	Accumulated losses	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
At 1 April 2019	54,663	38,954	708	77,443	(167,177)	4,591
Loss for the year	—	—	—	—	(12,323)	(12,323)
At 31 March 2020 and 1 April 2020	**54,663**	**38,954**	**708**	**77,443**	**(179,500)**	**(7,732)**
Profit for the year	—	—	—	—	**50,190**	**50,190**
Exercise of share options	**21**	—	**(6)**	—	—	**15**
At 31 March 2021	**54,684**	**38,954**	**702**	**77,443**	**(129,310)**	**42,473**

31 Benefits and interests of directors (disclosure required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and Hong Kong listing rules)

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the year ended 31 March 2021 is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:								
Name	Fees US$'000	Salaries US$'000	Discretionary bonuses US$'000	Housing allowance US$'000	Estimated money value of other benefits US$'000	Employer's contribution to a retirement benefit scheme US$'000	Remunerations paid or receivable in respect of accepting office as director US$'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking US$'000	Total US$'000
Executive directors:									
Mr. Yan Kim Po	—	250	—	—	—	3	—	—	253
Ms. Lam Kwan (Note i)	—	208	—	—	—	2	—	—	210
Mr. Cao Jiancheng	—	165	—	—	—	2	—	—	167
Independent non-executive directors:									
Mr. Cheung Kwan Hung	19	—	—	—	—	—	—	—	19
Mr. Chan Chung Bun, Bunny	19	—	—	—	—	—	—	—	19
Mr. Wai Kwok Hung	13	—	—	—	—	—	—	—	13
	51	623	—	—	—	7	—	—	681

31 Benefits and interests of directors (disclosure required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and Hong Kong listing rules) (Continued)

(a) Directors' and chief executive's emoluments (Continued)

The remuneration of every director and the chief executive for the year ended 31 March 2020 is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:								
Name	Fees US$'000	Salaries US$'000	Discretionary bonuses US$'000	Housing allowance US$'000	Estimated money value of other benefits US$'000	Employer's contribution to a retirement benefit scheme US$'000	Remunerations paid or receivable in respect of accepting office as director US$'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking US$'000	Total US$'000
Executive directors:									
Mr. Yan Kim Po	—	250	—	—	—	3	—	—	253
Ms. Lam Kwan (Note i)	—	208	—	—	—	2	—	—	210
Mr. Cao Jiancheng	—	165	—	—	—	2	—	—	167
Independent non-executive directors:									
Mr. Cheung Kwan Hung	19	—	—	—	—	—	—	—	19
Mr. Chan Chung Bun, Bunny	19	—	—	—	—	—	—	—	19
Mr. Wai Kwok Hung	13	—	—	—	—	—	—	—	13
	51	623	—	—	—	7	—	—	681

None of the directors waived any emoluments during the years ended 31 March 2021 and 2020.

Note:

(i) Ms. Lam Kwan is also the chief executive officer of the Company.

31 Benefits and interests of directors (disclosure required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and Hong Kong listing rules) (Continued)

(b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits in respect of their services to the Company and its subsidiaries for the year (2020: Same).

(c) Consideration provided to third parties for making available directors' services

During the year, the Company has not paid any consideration to any third parties for making available directors' services to the Company (2020: Same).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no loans, quasi-loans and other dealings entered into by the Company or subsidiary undertakings of the Company, where applicable, in favour of the directors, or body corporate controlled by or entities connected with any of the directors at the end of the year or at any time during the year (2020: Same).

(e) Directors' material interests in transactions, arrangements or contracts

Except for the disclosure in Notes 2.1.1 and 29, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, when directly or indirectly, subsisted at the end of the year or at any time during the year (2020: Same).