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)

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

The board (the "**Board**") of directors (the "**Directors**") of Great Harvest Maeta Group Holdings Limited (the "**Company**") hereby announces the audited consolidated final results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2020 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Note	**2020** *US$'000*	2019 *US$'000*
Revenue	3(a)	**12,225**	16,402
Cost of services		**(10,426)**	(9,699)
Gross profit		**1,799**	6,703
Other gains/(losses) — net	4	**3,962**	(649)
Other income		**17**	107
General and administrative expenses	5	**(2,580)**	(3,007)
(Impairment losses)/reversal of impairment losses on property, plant and equipment		**(6,320)**	13,000
Operating (loss)/profit		**(3,122)**	16,154
Finance income	6	**1**	5
Finance costs	6	**(5,864)**	(5,905)
Finance costs — net		**(5,863)**	(5,900)

	Note	2020 US$'000	2019 US$'000
(Loss)/profit before income tax		**(8,985)**	10,254
Income tax expense	7	**(991)**	(182)
(Loss)/profit for the year		**(9,976)**	10,072
(Loss)/profit attributable to			
— Owners of the Company		**(10,209)**	10,090
— Non-controlling interest		**233**	(18)
		(9,976)	10,072
Other comprehensive loss for the year			
Items that may be reclassified to profit or loss			
Currency translation differences		**(2,241)**	(3,149)
Total comprehensive (loss)/income for the year		**(12,217)**	6,923
Total comprehensive (loss)/income attributable to:			
— Owners of the Company		**(12,248)**	7,225
— Non-controlling interest		**31**	(302)
		(12,217)	6,923
(Loss)/earnings per share attributable to owners of the Company			
— Basic (loss)/earnings per share	8(a)	**(US1.07 cents)**	US1.07 cents
— Diluted (loss)/earnings per share	8(b)	**(US1.07 cents)**	US1.06 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Note	2020 US$'000	2019 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**50,197**	57,895
Investment properties		**66,336**	65,701
Pledged deposit	10	**500**	—
Pledged bank deposits		**2,144**	2,031
		119,177	125,627
Current assets			
Trade and other receivables	10	**3,235**	1,674
Pledged bank deposits		**913**	4,109
Cash and cash equivalents		**266**	2,597
		4,414	8,380
Total assets		**123,591**	134,007
EQUITY			
Equity attributable to owners of the Company			
Share capital		**1,221**	1,221
Reserves		**19,644**	31,892
		20,865	33,113
Non-controlling interest		**4,019**	3,988
Total equity		**24,884**	37,101

	Note	2020 US$'000	2019 US$'000
LIABILITIES			
Non-current liabilities			
Borrowings and loans		**16,987**	18,893
Convertible bonds		**48,347**	43,975
Deferred income tax liabilities		**15,814**	15,615
		81,148	78,483
Current liabilities			
Other payables and accruals		**7,455**	6,495
Borrowings and loans		**10,104**	11,928
		17,559	18,423
Total liabilities		**98,707**	96,906
Total equity and liabilities		**123,591**	134,007

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 requirements of Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention, as modified in relation to the revaluation of investment properties and certain financial liabilities (including derivative financial instruments) at fair value through profit or loss, which are carried at fair value.

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.

2.1.1 Going concern basis

For the year ended 31 March 2020, the Group recorded a net loss attributable to the equity holders of US$10,209,000, and as at 31 March 2020, the Group's current liabilities exceeded its current assets by US$13,145,000, which included borrowings and loans of US$10,104,000 repayable within one year, while the Group's cash and cash equivalents balance was US$266,000. Further, the Group's charter rates during and subsequent to the year ended 31 March 2020 have been affected by the outbreak of Coronavirus Disease 2019 ("COVID-19"), which will have a negative impact on the Group's operating cash flows.

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

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 in which the volatility of the shipping market and the outbreak of COVID-19 have been considered. This projection covers a period of twelve months from 31 March 2020.

The directors are of the opinion that, after taking into account the following plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 March 2020:

(i) On 31 March 2019, the ultimate holding company of the Group, together with the Company's two directors, Mr. Yan Kim Po and Ms. Lam Kwan, (collectively, the "Guarantors"), entered into a deed of funding undertakings to provide funding to the Group. The funding request notice 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 funding deed is effective until 31 March 2021.

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

As at 31 March 2020, the Group had obtained a total of US$10,300,000 of loan from the ultimate holding company of which US$7,300,000 was obtained under the terms of the deed. US$6,000,000 of the loan balance will be repayable by March 2021. The remaining will be repayable by April 2021, January 2022 and March 2022 respectively. The ultimate holding company has confirmed its intention to extend the maturity of loans for 2 years on maturity dates and as such the directors of the Company are of the opinion that the repayment of such balances maturing by 31 March 2021 will be extended beyond 31 March 2021. The remaining amount of funding available under the deed of funding undertakings was US$22,700,000 as at 31 March 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

2.1.1 Going concern basis (Continued)

(ii) The Group does not have any significant capital or other commitment as at 31 March 2020. In respect of the Group's investment properties development project in Hainan, the Group is in the process of applying for the approval of the land development. The Group does not have any significant commitment for capital expenditure of such developments at this stage and no significant expenditures in relation to such development will be committed by the Group before securing the necessary funding.

(iii) The Group will also continue to seek for other alternative financing and bank borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures.

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

The directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from 31 March 2020. 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 ultimate holding company and the Guarantors will be able to provide further funding of up to US$22,700,000 to the Group as and when needed which will be repayable beyond twelve months from 31 March 2020;

(ii) Whether the ultimate holding company will agree to extend the maturity of the loan balance upon the maturity dates;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

2.1.1 Going concern basis (Continued)

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

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

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

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

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

2.1.2 Effect of adopting new standards, amendments to standards and interpretation

The following new and amended standards are mandatory for the Group's financial year beginning on 1 April 2019 and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

Amendments to annual improvement project	Annual improvements 2015–2017 cycle
Amendments to HKAS 19	Defined benefit plan amendment, curtailment or settlement
Amendments to HKFRS 9	Prepayment features with negative compensation
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
HK (IFRIC)-Int 23	Uncertainty over income tax treatments
HKFRS 16	Leases

The Group had to change its accounting policies following the adoption of HKFRS 16. The impact of adoption of HKFRS 16 is disclosed in note 2.1.4 below. The other amendments listed above did not have any significant 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 standards and amendments to standards that have been issued but are not effective

The following new standards and amendment to standards have been issued but are not effective for the financial year beginning on 1 April 2019 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
Amendments to HKFRS 3 (Revised)	Definition of a business (amendments)	1 April 2020
HKFRS 17	Insurance contracts (new standard)	1 April 2021
Conceptual Framework for Financial Reporting 2018	Revised conceptual Framework for Financial reporting	1 April 2020
Amendments to HKAS 1 and HKAS 8	Definition of material (amendments)	1 April 2020
Amendments to HKFRS 10 and HKAS 28	Sales or contribution of assets between an investor and its associate or joint venture (amendments)	To be determined
HKFRS 7, HKFRS 9 and HKAS 39	Interest rate benchmark reform — amendment to HKFRS 7, HKFRS 9 and HKAS 39	1 April 2020

The Group will adopt the above new standards and amendments to standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

2.1.4 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial statements.

As indicated in Note 2.1.2 above, the Group has adopted HKFRS 16 Leases retrospectively from 1 April 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

2.1.4 Changes in accounting policies (Continued)

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019.

(i) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics,
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review — there were no onerous contracts as at 1 April 2019,
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases,
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Upon the adoption of HKFRS 16, the Group reclassified the land use rights under operating leases to right-of-use assets for presentation purpose.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

2.1.4 Changes in accounting policies (Continued)

(ii) Measurement of lease liabilities

	US$'000
Operating lease commitments disclosed as at 31 March 2019	434
Less: short-term leases not recognised as a liabilities	(434)
Lease liability recognised as at 1 April 2019	—

(iii) Measurement of right-of-use assets

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 March 2019.

(iv) Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of HKFRS 16.

3 SEGMENT INFORMATION

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

The operating segments comprise:

— Chartering of vessels

— Property investment and development

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

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

3 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 2020				
Revenue recognised over time	**12,225**	**—**	**—**	**12,225**
Segment loss	**(7,216)**	**(801)**	**(968)**	**(8,985)**
Depreciation	**(3,425)**	**(42)**	**—**	**(3,467)**
Finance income	**1**	**—**	**—**	**1**
Finance cost	**(1,162)**	**(4,372)**	**(330)**	**(5,864)**
Year ended 31 March 2019				
Revenue recognised over time	16,402	—	—	16,402
Segment profit/(loss)	15,211	(3,997)	(960)	10,254
Depreciation	(2,957)	(45)	—	(3,002)
Finance income	5	—	—	5
Finance cost	(1,621)	(3,977)	(307)	(5,905)

(b) Segment assets

	Chartering of vessels *US$'000*	Property investment and development *US$'000*	Others *US$'000*	Total *US$'000*
As at 31 March 2020				
Segment assets	**56,758**	**66,579**	**254**	**123,591**
As at 31 March 2019				
Segment assets	68,005	65,924	78	134,007

3 SEGMENT INFORMATION (CONTINUED)

(c) Geographical information

Due to the nature of the provision of vessel chartering services, which are carried out internationally, the directors consider that it is not meaningful to provide the financial information by geographical segment. For property investment and development business, the investment properties are still under development. Accordingly, geographical segment revenue is not presented.

(d) Information about major customers

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

	2020	2019
	US$'000	*US$'000*
Customer A	**5,114**	6,870
Customer B	**2,744**	4,011
Customer C	**2,155**	—*
Customer D	**2,060**	3,558
	12,073	14,439

* Revenue arising from the provision of chartering services for Customer C in 2019 contributing less than 10% of total revenue of the Group.

(e) Contract liabilities related to the contracts with customers

As at 31 March 2020, contract liabilities included in other payables and accruals amounted to approximately US$165,000 (2019: US$232,000).

4 OTHER GAINS/(LOSSES) — NET

	2020	2019
	US$'000	*US$'000*
Fair value gains/(losses) on:		
— Investment properties	**3,962**	730
— Convertible bonds — derivative component	**—**	(1,379)
	3,962	(649)

5 EXPENSES BY NATURE

	2020	2019
	US$'000	*US$'000*
Depreciation of property, plant and equipment	**3,467**	3,002
Crew expenses (included in cost of services)	**3,164**	3,118
Operating lease rental for land and buildings	**313**	426
Auditor's remuneration — audit services	**173**	180
Employee benefit expense (including directors' emoluments)	**1,397**	1,507

6 FINANCE COSTS — NET

	2020	2019
	US$'000	*US$'000*
Finance income		
Interest income	**1**	5
Finance costs		
Arrangement fee on borrowings and loans	**86**	72
Interest expense on borrowings and loans	**1,406**	1,750
Interest expense on convertible bonds — non-cash	**4,372**	4,083
	5,864	5,905
Finance costs — net	**5,863**	5,900

7 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profit for the year. The subsidiary established in the PRC is subject to corporate income tax rate of 25% (2019: 25%). 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.

	2020	2019
	US$'000	*US$'000*
Current income tax		
— Hong Kong profits tax	**—**	—
Deferred income tax	**991**	182
Income tax expense	**991**	182

8 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

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

	2020	2019
	US$'000	*US$'000*
(Loss)/profit attributed to owners of the Company	**(10,209)**	10,090
	Number	*Number*
Weighted average number of shares *(thousands)*	**952,514**	941,901

8 (LOSS)/EARNINGS PER SHARE (CONTINUED)

(b) Diluted (loss)/earnings per share

Diluted loss per share for the years ended 31 March 2020 equal basic loss per share as the potential ordinary shares were not included in the calculation of diluted loss per share because they are anti-dilutive.

Diluted earnings per share for the year ended 31 March 2019 is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options and convertible bonds which may result in dilutive potential ordinary shares. Its calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share prices of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options and convertible bonds. The number of shares calculated is compared with the number of shares that would have been issued assuming the exercise of the share options and convertible bonds.

	2020	2019
	US$'000	*US$'000*
(Loss)/profit attributable to the owners of the Company used in calculating basic (loss)/earnings per share	**(10,209)**	10,090
Add: interest saving on convertible bonds	**—**	3,977
(Loss)/profit attributable to the owners of the Company used in calculating diluted (loss)/earnings per share	**(10,209)**	14,067
	Number	*Number*
Weighted average number of ordinary shares *(thousands)*	952,514	941,901
Adjustments for calculation of diluted earnings per share		
Share options *(thousands)*	—	8,560
Convertible bonds *(thousands)*	—	381,843
Weighted average number of ordinary shares and potential ordinary shares *(thousands)*	952,514	1,332,304

9 DIVIDENDS

The directors do not recommend the payment of a final dividend for the year ended 31 March 2020 (2019: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10 TRADE AND OTHER RECEIVABLES

	2020	2019
	US$'000	*US$'000*
Trade receivables	**785**	802
Less: Provision for impairment of trade receivables	**(31)**	(31)
Trade receivables, net	**754**	771
Prepayments and deposits	**1,908**	756
Other receivables	**1,065**	139
Other receivables due from related companies	**8**	8
	3,735	1,674
Less: non-current pledged deposit	**(500)**	—
	3,235	1,674

As at 31 March 2020, the Group's deposit of US$500,000 (2019: nil) were pledged as security for loan from a financial institution of US$3,495,000. The deposit bears interest at 1.5% per annum.

As at 31 March 2020 and 2019, the ageing analysis of the trade receivables based on invoice date were as follows:

	2020	2019
	US$'000	*US$'000*
0–30 days	**694**	344
31–60 days	**14**	394
61–90 days	**12**	—
91–365 days	**34**	33
Over 365 days	**31**	31
	785	802

The carrying amounts of trade and other receivables approximate their fair values and are mainly denominated in United States dollar.

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

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. As at 31 March 2020, trade receivables of US$31,000 (2019: US$31,000) were impaired.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

Daily Variation Chart of Baltic Dry Index (BDI) and Baltic Panamax Index (BPI)
1 April 2019 − 31 March 2020

BDI high at 2,518 in September 2019, low at 411 in February 2020, average at 1,298.03.

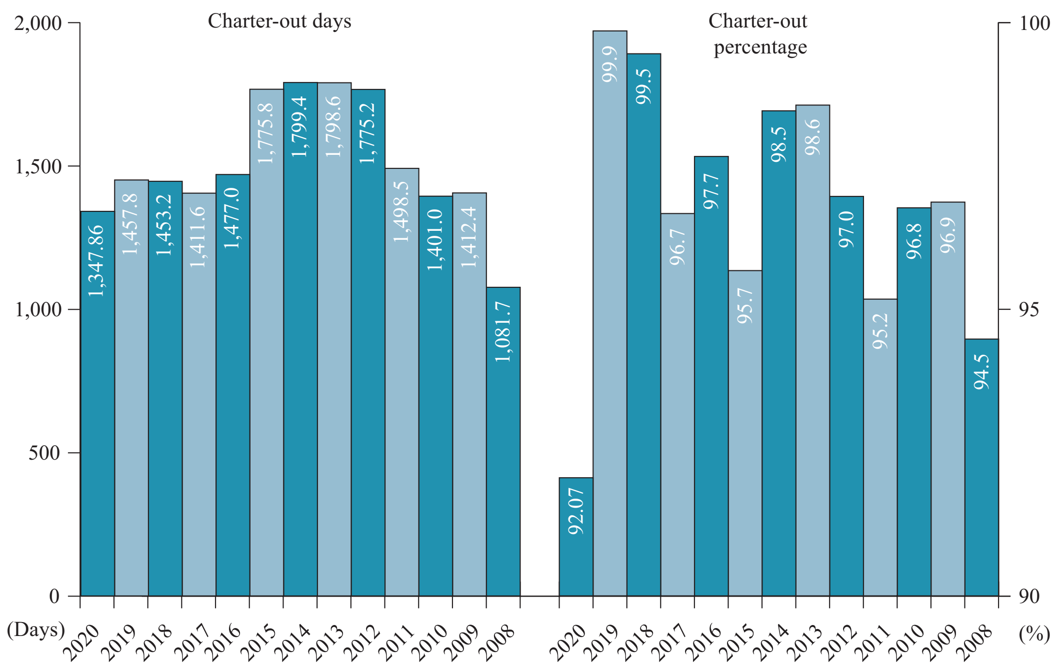
BPI high at 2,262 in September 2019, low at 520 in February 2020, average at 1,362.98.

The spot freight rate for dry bulk marine transportation market in 2019 remained at a higher level as in the previous year. Although global economic growth and international trade volume displayed a downward adjustment under the shadow of the China — United States trade war, the rising demand for marine transportation of bulk grains in South America and the maintenance of China's imports of iron ore and coal both supported and contributed to the maintenance of the spot freight rate. In 2020, the dry bulk shipping market is in a situation where the higher price of the low-sulfur fuel increases the operating costs of vessels and the outbreak of COVID-19 causes the conditions of economic downturn/volatility and uncertain prospects, resulting in a significant drop in spot freight rate. Due to the new quarantine requirements imposed by various countries, there is a great uncertainty for vessels to enter and leave the port in respect of procedures and time, resulting in an increase of the cost of vessel operations and a decrease in revenue. At the beginning of the year, the price of low-sulfur fuel was above US$700 per ton, while the difference to the price of high-sulfur fuel was US$400 per ton. The Baltic Dry Index ("BDI") displayed a downward adjustment to 411 points on 10 February from the level of 1,500 points in December of last year, representing a drop in the extent of more than 70%, which is a low position hardly seen in recent years. Problems of oversupply of the dry bulk fleet and sluggish demand growth of marine transportation still exist and affect the trend of freight rate market, resulting in a noticeable change, that is the growth rate of the demand for marine transportation of dry bulk cargoes is lower than the growth of international trade has become a norm. Among different kinds of vessels, the freight rate market of panamax vessels remained relatively stable due to factors such as an increase in shipment of bulk grains from South America and overstock at loading ports. On the contrary, the rate of capesize vessels witnessed relatively significant fluctuation with negative index appearing for the first time, which shows that the dry bulk marine transportation market is in a very difficult period. While the freight rate market has been operating in a difficult situation, the supply of the fleet is still increasing, leading to a greater actual growth in the fleet size as compared to that of last year and an oversupply in the shipping market as before. According to the market statistics from shipbroking companies, the demand for dry bulk marine transportation increased by approximately 1% this year, as compared to the growth of fleet size of approximately 3.9%, it is expected that the paradox of the oversupply of vessels would continue to exist and intensify.

Under the backdrop of the possible negative growth of the overall economy, although the economic growth for 2020 projected by the International Monetary Fund ("IMF") in April 2020 was −3%, the annual growth of demand for the dry bulk marine transportation projected by shipbroking companies was still 1%, which is nevertheless a positive help to the dry bulk spot freight market. For the spot freight market, the favourable factor is the import volume of dry bulk cargoes in China in 2020 remains significant as comparable to that of last year. In 2019, China's import volume of iron ore/coal/grain/soybean already exceeded 1.47 billion tons. The epidemic situation in China has been gradually under control, and the enterprises are in the progress of resuming work and production. The Chinese government is also launching various measures to support the economy, hoping to promote the import of dry bulk cargoes in China. These would make significant contribution to the stability of dry bulk marine transportation market as well as maintaining and promoting the stability and rebound of the spot freight rate.

Business Review

PERFORMANCE ANALYSIS OF THE GROUP'S FLEET



The Group's vessels were under sound operation from 1 April 2019 to 31 March 2020. Currently, the fleet size is 319,923 dwt and the average age of the fleet is 14 years. The fleet maintained a relatively high operational level with a charter-out percentage of approximately 92.07% throughout the year, which included a loss of approximately 76 days of charter time caused by dock repair for three vessels and a loss of about 23 days of charter time caused by COVID-19. The average daily charter hire income of the vessels was approximately US$8,566 per day, which is about 25% lower as compared to the income level of last year, which is basically in line with the market index level of the same type of vessel. For the year, the fleet maintained a relatively high operational level since the fleet achieved a sound record of safe operation with no adverse incident or downtime caused by various incidents during the year. At the same time, the Company has made careful plans and arrangements for dock repair to reduce the repair time to a lower level. Although we were subject to the impact of COVID-19 disaster this year, the Company has worked hard to reduce the actual loss to the lowest level. All freight rate and charter hire were basically received in full with no receivables of significant amount. The Group was able to exert stringent control over costs and expenses in the course of vessel management and strove to minimise voyage expenses, so the management expenses of vessels were also basically within budget.

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

Market Outlook

The freight rate of the spot dry bulk market in 2020 dropped sharply at the beginning of the year due to (i) the need for vessels to use low-sulfur fuel; and (ii) the impact of COVID-19. The BDI hit a historic low of 411 points in recent years on 10 February 2020, with the daily charter hire income of panamax vessels being US$4,913 per day on the same day. Although the spot freight rate subsequently rebounded, the freight rate of the spot market has been experiencing a large fluctuation with hovering down. The index of the capesize vessels, Baltic Capesize Index ("BCI") repeatedly showed negative numbers. Such phenomena demonstrates that under the backdrop of negative global economic growth and a significant slowdown in international trade, the dry bulk marine transportation market is expected to be difficult this year. The market predicts that China's imports of iron ore/coal/soybean/grain and other bulk goods will remain at a high level this year, which may help maintaining spot freight rate. As COVID-19 exerts significant impact on the global economy, and it is still difficult to predict the impact on the dry bulk spot freight market, therefore, the follow-up action can be determined only after the condition of the pandemic becomes clearer. A total of new vessel of dry bulk cargo fleet amounting to 5% of the existing fleet size is expected to be delivered in this year. However, there is barely any growth for the demand of dry bulk marine transportation in this year. Therefore, the current status of the oversupply of dry bulk vessels will be more unfavourable to ship owners, and the spot freight market will continue to operate under the pressure of excessive supply of vessels. The shipping market's assessment of this year's dry bulk spot freight rate is pessimistic. The International Monetary Fund (IMF) forecast in April 2020 for the global economic growth in 2020 is −3%. It is foreseeable that this will be reflected in both international trade volume and shipping demand of this year. The ability to maintain steady growth in the demand for marine transportation is highly important in contributing to the stability in the operation of the shipping market and spot freight rate.

According to the statistics and forecast from shipbroking companies, among the major dry bulk cargoes, the marine transportation demand for iron ore and coal is forecasted to increase by 2% and −3% respectively this year, the expected impact on spot freight rate this year is neutral, with the overall dry bulk marine transportation demand to increase by 1%. The assessment on marine transportation demand for panamax vessels depends on the import of soybeans and grains from China. Considering that the China-United States trade agreement requires China to increase the purchase of soybeans and grains from the United States, it will be a positive factor for the marine transportation demand of panamax vessels.

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

Since May 2016, Top Build Group Ltd. ("Top Build") has held, indirectly through its subsidiaries, 91% equity interest in a company in the PRC which holds two parcels of land located at Meidian Slope, Hongqi Town, Qiongshan District, Haikou, Hainan Province, the PRC (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 had 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 (the "Project") for the development of villas, high/low density apartment, retail and SOHO with approximately 130,000 square meters.

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

President Xi Jinping issued an instruction in May 2020 that the Hainan Free Trade Port should perform system innovation and build Hainan Free Trade Port with high quality and standards. In the government work report issued on 22 May 2020, Premier Li Keqiang announced that the Pilot Free Trade Zone will be given greater autonomy for reform and opening up to accelerate the construction of Hainan Free Trade Port. On 1 June 2020, the Central Committee of the Communist Party of China and the State Council issued the "Hainan Free Trade Port Construction Master Plan", which is a major favourable policy, with highlights as follows: (1) facilitating the free flow of cross-border funds, expanding the opening up of domestic and foreign financial industry, and realising the free exchange of Renminbi; (2) introducing low tax for the entire Hainan, with corporate income tax of 15% and personal income tax of 15%, and the effort for providing incentives are unprecedented; (3) adopting closure operation system for the entire Hainan, with the first tier being opened while the second tier being controlled. 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 $100,000 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 epidemic prevention, ensuring the successful development and construction of key engineering projects. There have been seven batches of key projects started collectively in Hainan, with 793 projects started, 393 contracts signed and a total project investment of approximately RMB435.2 billion. Recently, 11 key projects such as Haikou Jiangdong New District, the Haikou Integrated Free Trade Zone, High-tech Industrial Park, and

Ecological Software Park 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, etc. established their presence in Hainan and started substantial development and construction.

The Hainan Provincial Government proposes to urbanise the whole province and speed up the construction of highway transportation to facilitate the development of the lands at the vicinity of the city. All-in-one land use planning has been completed in Haikou City, emphasising the sustainable development of ecological environment protection. Improvement of the public construction directly related to the project has been received. The 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 of the Company are expected to be improved, which will unleash the possible appreciation of the lands.

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

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

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

Financial Review

Revenue

The international trade markets and dry bulk marine transportation market recorded a remarkable drop after the outbreak of COVID-19. In addition, the Group had three vessels having dry dock maintenance at the first quarter of 2020. The decline in charter time and rate due to these factors eventually made the revenue of the Group decreased from about US$16.4 million for the year ended 31 March 2019 to about US$12.2 million for the year ended 31 March 2020, representing a decrease of about US$4.2 million, or about 25.5%. The average Daily TCE of the Group's fleet decreased from approximately US$11,556 for the year ended 31 March 2019 to approximately US$8,566 for the year ended 31 March 2020.

Cost of services

Cost of services of the Group increased from about US$9.7 million for the year ended 31 March 2019 to about US$10.4 million for the year ended 31 March 2020, representing an increase of approximately US$0.7 million. With the reversal of the impairment losses of the Group's vessels amounted to US$13.0 million recognized at 30 September 2018, the depreciation expenses has increased correspondingly by about US$0.5 million for the year ended 31 March 2020. Since 2020, the regulations to reduce sulfur oxide emissions had been adopted. The use of low sulfur fuel increased the operating costs of vessels. In addition, the effect of the fuel inventory appreciation income from the rise in oil prices recorded last year. Hence, the bunker cost increased by about US$0.1 million as compared to last year.

Gross profit

In the shadow of COVID-19 pandemic this year, the drop in Group's revenue was acute. The gross profit decreased from about US$6.7 million for the year ended 31 March 2019, to about US$1.8 million for the year ended 31 March 2020, representing a decrease of approximately US$4.9 million, while the gross profit margin declined from approximately 40.9% for the year ended 31 March 2019 to approximately 14.7% for the year ended 31 March 2020.

General and administrative expenses

General and administrative expenses of the Group decreased from approximately US$3.0 million for the year ended 31 March 2019 to approximately US$2.6 million for the year ended 31 March 2020, representing a decrease of approximately US$0.4 million or approximately 14.2%. It was mainly due to the Group's cost control strategy which resulted in cost reduction in both rental expenses, staff cost and general administration costs.

Finance costs

Finance costs of the Group remained stable and amounted to approximately US$5.9 million for the year ended 31 March 2020 (for the year ended 31 March 2019: approximately US$5.9 million). The increase in interest expense of the convertible bonds in principal amount of US$54 million issued in May 2016 ("Top Build Convertible Bonds") was set off against the decrease in interest expenses of bank loan and loan from a financial institution.

(Loss)/Profit for the year

The Group turned from a profit of approximately US$10.1 million for the year ended 31 March 2019 to a loss of approximately US$10.0 million for the year ended 31 March 2020. Such consolidated loss was mainly attributable to (i) a reduction of the Group's revenue by US$4.2 million and an addition of impairment loss of the Group's vessels by US$6.3 million (for the year ended 31 March 2019: US$13 million of the reversal of the impairment losses of the Group's vessels) due to an adverse impact on dry bulk marine transportation market and charter rate of vessel under chain reaction of an outbreak and rapid spread of COVID-19; (ii) an impact of the severe losses on the international trade markets and dry bulk marine transportation market during the first quarter in 2020; (iii) a decrease in average earnings and vessels' charter rate of dry bulk marine transportation in the first quarter in 2020 as a result of the disruption of the Brazilian iron ore exports prior to the outbreak of COVID-19 pandemic and the continuous disruption caused by the outbreak of COVID-19; (iv) a decline in vessels' charter time during the maintenance of three vessels' dry dock in the first quarter in 2020; and (v) set off against part of other loss by the fair value gain in investment property of approximately US$4.0 million for the year ended 31 March 2020 (for the year ended 31 March 2019: approximately US$0.7 million).

Liquidity, financial resources, capital structure and gearing ratio

As at 31 March 2020, the Group's cash and cash equivalent amounted to approximately US$0.3 million (as at 31 March 2019: approximately US$2.6 million), of which approximately 96.6% was denominated in US$, approximately 3.3% in HK$ and approximately 0.1% was denominated in RMB. Outstanding bank loans amounted to approximately US$12.9 million (as at 31 March 2019: approximately US$23.2 million) and other borrowings amounted to approximately US$62.5 million (as at 31 March 2019: approximately US$51.6 million), which were denominated in US$.

As at 31 March 2020 and 31 March 2019, the Group had a gearing ratio (being the bank loans and other borrowings of the Group divided by the total assets of the Group) of about 61.0% and 55.8% respectively. The increase in gearing ratio as at 31 March 2020 was mainly due to the decrease in cash balance caused by revenue decline, the impairment loss recognized during the year, the fair value gain of investment properties, and the amortization cost of Top Build Convertible Bonds.

The Group recorded net current liabilities of about US$13.1 million as at 31 March 2020 and approximately US$10.0 million as at 31 March 2019. It was mainly due to the repayment of bank borrowings approximately amounted US$11.2 million and the New GH POWER Loan obtained and the decrease in cash and cash equivalent attained by the decline in revenue.

On 17 November 2017, certain members of the Group has entered into a new bank borrowing agreement of US$20.0 million (i.e. the GH FORTUNE/GLORY/HARMONY Loan) to refinance the Group's bank borrowings of three vessels, namely, GH FORTUNE, GH GLORY and GH HARMONY. After the drawdown of GH FORTUNE/GLORY/HARMONY Loan, the GH FORTUNE/GH PROSPERITY Loan, the GH GLORY Loan and the GH HARMONY Loan was fully repaid. The principal amount of the GH FORTUNE/GLORY/HARMONY Loan shall be repaid in five years. The GH FORTUNE/GLORY/HARMONY Loan is also subject to compliance of certain restrictive financial undertakings for which the Group will continue to monitor.

On 29 March 2019, Bryance Group Limited, a wholly-owned subsidiary of the Company, has entered into a new borrowing agreement of US$4.27 million for refinancing the GH POWER loan under an existing facility agreement dated 25 January 2008. After the drawdown of this New GH POWER Loan, the then GH POWER Loan was fully repaid. The principal amount of the New GH POWER Loan shall be repaid by 14 quarterly instalments commencing three months from the drawdown date. The New GH POWER Loan is also subject to compliance of certain restrictive financial undertakings for which the Group will continue to monitor.

The management maintains continuous relationship with the banks and the Directors are of the opinion that bank borrowings will continue to be available to the Group for the next twelve months from 31 March 2020.

The Group monitors the current and expected liquidity requirements regularly to mitigate the effects of fluctuations in cash flows. The Company has entered into five loan facility agreements with Ablaze Rich on 19 January 2017, 12 April 2017, 15 January 2018, 17 April 2019 and 28 February 2020 for loan facilities in the total amount of US$3.0 million (the "First Facility"), US$3.0 million (the "Second Facility"), US$1.5 million (the

"Third Facility"), US$2.0 million (the "Fourth Facility") and US$2.0 million (the "Fifth Facility") respectively. The First Facility, the Second Facility and the Third Facility were extended on 18 January 2019, 29 March 2019 and 16 January 2020 respectively. The full loan amount had been drawn down by the Company under the First Facility, the Second Facility and the Third Facility.

As at 31 March 2020, US$2.0 million and US$0.8 million of the loan amount had been drawn by the Company under the Fourth Facility and the Fifth Facility respectively. The First Facility will be repayable on an extended repayment date which is on or before 18 January 2021, the Second Facility will be repayable on an extended repayment date which is on or before 28 March 2021, the Third Facility will be repayable on an extended repayment date which is on or before 15 January 2022, the Fourth Facility will be repayable on or before 16 April 2021 and the Fifth Facility will be repayable on or before 13 March 2022. These loan facilities were unsecured and carried an interest of 4% per annum. The drawn amount under the First Facility, the Second Facility, the Third Facility, the Fourth Facility and the Fifth Facility had not been repaid yet. The disinterested members of the Board (including the independent non-executive directors) consider that as the First Facility, the Second Facility, the Third Facility, the Fourth Facility and the Fifth Facility are all on normal commercial terms or better and are not secured by the assets of the Group, the receipt of financial assistance by the Group thereunder are fully exempt under Rule 14A.90 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

On 30 September 2018, 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 fifteen months of the date of the deed. The undertakings shall cease to have effect after fifteen months from the date of the deed or upon the Company or any member of the Group having obtained long-term external bank borrowings or other sources of long-term financing with a principal amount of not less than US$30 million, whichever is the earlier. The deed entered on 30 March 2018 was superseded by this deed, and had ceased to be effective from 30 September 2018.

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. The above deed entered on 30 September 2018 was superseded by this deed, and had ceased to be effective from 31 March 2019.

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

On 5 July 2013, the Company entered into a subscription agreement with Ablaze Rich in respect of, amongst others the issue and subscription of the first convertible bonds ("First Convertible Bonds") in an aggregate principal amount of US$3.0 million, which may be converted into 19,763,513 shares of the Company ("Shares") at the conversion price of HK$1.184 per conversion share at the exchange rate of HK$7.8 to US$1.0.

The completion of the issue and subscription of the First Convertible Bonds took place on 2 September 2013. The net proceeds from the issue of the First Convertible Bonds had been fully utilised as general working capital of the Group.

Further details of the issue of the First Convertible Bonds are set out in the announcements of the Company dated 5 July 2013 and 2 September 2013, and the circular of the Company dated 23 July 2013.

On 31 August 2018, the entire principal amount of the First Convertible Bonds was converted into 19,763,513 shares at the conversion price of HK$1.184 per conversion share at the exchange rate of HK$7.8 to US$1.0.

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

As at 31 March 2020, the entire principal amount of the Top Build Convertible Bonds remained outstanding.

Exposure to fluctuations in exchange rate risk and related hedges

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

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

Bank loans and disclosure under Rules 13.13 to 13.19 of the Listing Rules

Pursuant to Rule 13.18 of the Listing Rules, a general disclosure obligation will arise where an issuer or any of its subsidiaries enters into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholders, such as a requirement to maintain a specified minimum holding in the share capital of the issuer. As at 31 March 2020, the Group recorded outstanding bank loans and loan from a financial institution of about US$16.4 million and all these loans carried interest at floating rate. The New GH POWER loan agreement was entered into on 29 March 2019. These loans, namely the New GH POWER Loan and the GH FORTUNE/GLORY/HARMONY Loan, were for financing the acquisition costs of vessels of the Group and were secured by, inter alia, the following:

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

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

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

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

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

Notes:

1. "GH FORTUNE/GLORY/HARMONY Loan" represents a term loan for the principal amount of US$20.0 million for refinancing the three vessels owned by the Group, namely, GH FORTUNE, GH GLORY and GH HARMONY. The principal amount of the bank loan shall be repayable by 20 consecutive quarterly instalments commencing three months from 24 November 2017.

2. "GH POWER Loan" represents a term loan for the principal amount of US$39.0 million for financing the acquisition costs of GH POWER. The principal amount shall be repaid by 43 consecutive quarterly instalments commencing three months from 11 February 2008 with final repayment date on 18 April 2019. The GH POWER Loan has been fully repaid.

3. "New GH POWER Loan" represents 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 repaid by 14 quarterly instalments commencing three months from 11 April 2019.

Charges on assets

As at 31 March 2020, the Group had pledged the following assets to banks as securities against banking facilities granted to the Group:

	31 March 2020	31 March 2019
	US$'000	*US$'000*
Property, plant and equipment	**50,146**	57,798
Pledged deposits	**500**	—
Pledged bank deposits	**3,057**	6,140
	53,703	63,938

Contingent liabilities

For the year ended 31 March 2020, the Inland Revenue Department ("IRD") of Hong Kong is in the process of tax review of a subsidiary of the Group for the year of assessments from 2010/2011 to 2013/2014.

After taking into account the recent developments of IRD's review, the Directors consider that the Group's taxation charges as at 31 March 2020 are adequate and fairly presented. If the final outcome of IRD's review is different from the Directors' expectation, further provision for tax and any related surcharges may be required. The Group has been closely monitoring the status of IRD's review and will revise their expectations when preparing future financial statements in the future periods if necessary.

Save as disclosed above, the Group had no other material contingent liabilities as at 31 March 2020.

Employees' remuneration and retirement scheme arrangements

As at 31 March 2020, the Group had a total of 102 employees (as at 31 March 2019: 105 employees). For the year ended 31 March 2020, the total salaries and related costs (including Directors' fees) amounted to approximately US$4.6 million (as at 31 March 2019: 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.

CODE ON CORPORATE GOVERNANCE PRACTICES (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 2020 and up to the date of this announcement, the Company had been in compliance with the code provisions set out in the CG Code.

MODEL CODE FOR DIRECTOR'S SECURITIES TRANSACTIONS (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 2020 and up to the date of this announcement.

DIVIDEND

The Directors did not recommend the payment of any final dividend to the shareholders of the Company for the year ended 31 March 2020.

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.

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 2020.

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 announcement, there is sufficient public float of more than 25% of the Company's issued Shares as required under the Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed the accounting principles and practices adopted by the Group and the audited financial statements for the year ended 31 March 2020 and discussed auditing, internal control and financial reporting matters including with the Group's external auditors. There were no disagreements from the auditors or the Audit Committee in respect of the accounting policies adopted by the Company.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The below sections set out an extract of the report by PricewaterhouseCoopers, the auditor of the Company, regarding the consolidated financial statements of the Group for the year ended 31 March 2020.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw your attention to Note 2.1.1 to the consolidated financial statements. For the year ended 31 March 2020, the Group reported a net loss attributable to equity holders of US$10,209,000, and as at 31 March 2020, its current liabilities exceeded its current assets by US$13,145,000, which included borrowings and loans of US$10,104,000 repayable within one year, while the Group's cash and cash equivalents balance was US$266,000. Further, during and subsequent to the year ended 31 March 2020, the Group's charter rates have been affected by the outbreak of Coronavirus Disease 2019 ("COVID-19"), which will have a negative impact on the Group's operating cash flows. These conditions, together with other matters indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.greatharvestmg.com). The annual report of the Company for the year ended 31 March 2020 will also be despatched to the shareholders of the Company and published on the aforesaid websites in due course in accordance with the Listing Rules.

For and on behalf of the Board
Great Harvest Maeta Group Holdings Limited
Yan Kim Po
Chairman

Hong Kong, 29 June 2020

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